

RETIRE IN 10 YEARS OR LESS

Unlock Your

Passive Income Machine®

and Secure

Tax-Free Income for Life

Ryan D. Lee
Robert G. Allen

Foreword by Robert Kiyosaki

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To the thousands of **Empire Builders** we've had the honor of serving over the past decade—this book is for you.

You are the ones who listened when the world told you to conform.

You believed when others doubted.

You took action when it wasn't easy, popular, or guaranteed.

You showed up—again and again.

You came to the masterminds. You sat in the trainings. You bought the properties, funded the Vaults, and put this strategy to the test. And in doing so, you built something extraordinary—not just in your portfolios, but in your lives.

You helped refine this strategy through your courage, your questions, your feedback, and your results. Your stories are the heartbeat of this movement. Your diligence, resilience, and hunger for freedom are why this book exists—and why this strategy works.

Leading you has been the greatest privilege. Together, we've challenged conventional thinking and rewritten the rules of what's possible.

Together, we **RISE UP.**

Together, we **LIVE FREE.**

And this is just the beginning.

HOW TO BEST USE THIS BOOK

This book is just the beginning. If you're serious about achieving financial freedom in ten years or less, you must take the next step. That's why we created the Launchpad—a gamified, interactive experience designed to help you not only understand the principles in this book but also to launch your Passive Income Machine®.

Inside the Launchpad, you'll get,

- **On-Demand Video Trainings:** Get the full strategy straight from Ryan and Bob—step-by-step, on screen, in action.
- **Freedom Calculators:** Plug in your own numbers to discover your Strike Number, your freedom gap, and how fast you can close it.
- **Behind-the-Scenes Interviews:** Watch the raw, real conversations behind this book—the money moves, mindset shifts, and success stories that didn't make it into these pages.
- **Exclusive Bonus Tools & Worksheets:** Access guides, checklists, templates, and decision frameworks we only share with clients.
- **Gamified Learning System:** Turn your freedom into a game—track your progress, level up your financial intelligence, and unlock rewards as you go.

Best of all? It's **100% FREE** with your book. Just visit **www.PassiveIncomeMachine.com/Launchpad** or scan the QR code to unlock everything you'll need. Thousands have already started building their Passive Income Machines—don't read the book without the tools to make it real.



This isn't just education. This is execution.

Learn the Game. Play to Win. Launch Your Freedom.

CONTENTS

Foreword	7
Preface	8
Are You Ready for Financial Freedom?	
Introduction	11
Rise Up & Live Free	
Part I: Answering Your Wake-Up Call	15
Why Everything You Believe About Money Is Wrong	
1: How the Money Game Has Changed	17
And Why Playing by Old Rules Will Keep You Broke	
2: Revealing the Great Deception	31
How the System Was Rigged to Keep You Dependent	
3: Your Headwind Problem	48
Revealing the Hidden Forces Stealing Your Wealth	
4: Your Strike Number	64
The Number That Will Set You Free	
Conclusion to Part I	82
Escaping the Broken Financial System & Crossing the Bridge to Freedom	
Part II: Designing Your Passive Income Machine®	85
How to Achieve Financial Freedom in 10 Years or Less	
5: Welcome to the Bridge	87
The Path to Financial Freedom	

6: Gear 1 – Becoming an Empire Builder	99
Take Ownership of Your Future	
7: Gear 2 – The Vault	113
The Secret Engine of the Wealthy	
8: Gear 3 – The Wealth Accelerator	130
Turnkey Real Estate	
9: Automatic Wealth	157
Harnessing the Wealth Forces to Win by Design	
Part III: Running Your Passive Income Machine®	177
How to Create Tax-Free Income for Life & Live Free	
10: The 4 Phases of Your Passive Income Machine®	179
The Sequence to Financial Freedom	
11: The Freedom Fosters	195
A Case Study in Financial Freedom in 10 years or less	
12: The Equity Mill	231
How to Create Six Figures of Tax-Free, Inflation-Adjusted Income for Life	
Part IV: Crossing the Threshold	259
The Adventure of Real Wealth	
13: Earning a Return on Life	261
The Only Return That Matters	
14: Your Declaration of Independence	276
Will You Accept Your Freedom?	
Acknowledgments	282
About the Authors	284

FOREWORD

Financial literacy is the ability to “read, speak, and comprehend the language of money.” This book will educate you on one of the most important terms in financial literacy: “passive income.”

As you may know, there are three basic types of income: earned income, portfolio income, and passive income. The poor and middle class work for earned and portfolio income. If you’ve read my own book on finances, *Rich Dad Poor Dad*, you’ll remember that my poor dad worked hard for earned income.

But the rich work for passive income. *I* work for passive income. My “rich dad,” who was my friend’s father, taught his son and me to work hard for passive income. Passive income is essential for intergenerational wealth and potential tax minimization. Robert Allen, Ryan Lee, and my “rich dad” are my gurus for pursuing passive income.

This book is essential reading for anyone who desires to increase their financial literacy.

Robert Kiyosaki

Author of *New York Times* bestseller ***Rich Dad Poor Dad***

PREFACE

Are You Ready for Financial Freedom?

Warning—the advice in this book will probably contradict almost everything you’ve learned about money—yes, the *exact opposite* of what you’ve been taught! You’re going to be shocked!

So, who are we, and why should you pay any attention to our *shocking* advice? My name is Robert Allen. I’m the author of many financial books that millions of people have read during my career. My first million-copy #1 *New York Times* bestseller was entitled *Nothing Down: A Proven Program that Shows You How to Buy Real Estate with Little or No Money Down*. It has helped millions of people buy their first home and/or multiple investment homes and properties.

My second million-copy #1 *New York Times* bestseller—*Creating Wealth*—has helped thousands of people worldwide become millionaires and multi-millionaires.

Yes, I’ve been at this for over forty years. As I write these words, I’m in my seventy-seventh year of life on this amazing planet. You could say that a lot of living has flowed under my bridge. I’ve taught the *Creating Wealth* principles to hundreds of audiences worldwide. I’ve seen the results of my advice reverberating not only in my own life but in the lives of millions of my readers.

But can we talk?

What I just shared with you is the public version of my story. In these pages, I’ll reveal the private version—things I rarely share—and a new way of

looking at wealth—with advice that is very different from what you find in my million-copy bestsellers. It's true, I've made millions, but along the way I've also made mistakes and missed millions in lost opportunities. If I could rewind my life to apply the simple yet powerful strategies you'll learn in this book, I would have created one hundred times more wealth while losing very little money along the way.

This book contains the *real* principles to achieving financial freedom. This is the book I want my children and grandchildren to read. These principles are universal and timeless. And the proof in the pudding is the thousands of success stories I've received from my readers over the years. These stories constantly amaze me. But one of the most amazing is the story of Ryan Lee—my co-author. Let me introduce him to you.

Ryan Lee was an “all-in” employee on the way to retirement following the corporate route. But during the stock market crash of 2008, his 401(k) was decimated. He saw years of his consistent Wall Street investments wiped out. Obviously, this wasn't working. He wondered, “Is there a better way?” Searching for an answer, he picked up a copy of my book *Creating Wealth*. The plan I proposed was radically different from the traditional retirement plans followed by his fellow employees at the water cooler.

Instead of the “Wall Street way” to wealth, my plan was non-traditional but also quite simple: Buy two ordinary, single-family investment homes a year for ten years, and then retire financially free.

What!? Is that it?

The simplicity of the plan resonated with Ryan. He made a monumental shift in his investment strategy. He cashed out of his shrunken 401K, paid the 10% early distribution penalty, and followed the basic outline of what I proposed in *Creating Wealth*. He not only proved my concept but paradoxically improved it by adding some of his own elements that were the exact opposite of what I had taught. In less than ten years, he became financially free and now lives in a beautiful, brand new, free-and-clear home. Now in his early forties, he and his family are “set for life”!

Ryan not only followed my investment advice to perfection, but—similar to my own career path—he began teaching others. He thought, *If it's working so well for me, why not take a group of people along for the ride?* Today he's leading thousands of students in a program called **Money Mastery**, which implements the strategies outlined in this book.

Within these pages, we'll show you a simple, ten-year plan to be truly, abundantly, financially free—enjoying a special kind of money:

- the never-worry-about-money-again kind of money,
- the money-while-you-sleep kind of money,
- the travel-the-world kind of money,
- the give-generously-to-your-favorite-charity kind of money,
- the living-life-on-your-own-terms kind of money.

If you want that kind of money, join us on this journey as we take you through the entire system, step by step.

"Being rich is having money; being wealthy is having time."

— Margaret Bonanno

INTRODUCTION

Rise Up & Live Free

Most people spend their entire lives chasing money—yet few ever achieve true financial freedom. Why? Because they're playing a game that was designed so they would lose. For decades, we were taught the same rules: get a good job, save diligently, invest in a 401(k), wait forty years, and then—if everything goes right—retire and finally start enjoying life. But here's the harsh truth that few are bold enough to admit: That plan is *broken*. And if you're reading this book, you already know it deep down.

- You've worked hard, built a career, or started a business—but despite your success, you still feel financially trapped.
- You've made good money, but it's not creating the options and freedom you expected.
- You've followed the traditional advice, but instead of security, all you see is more taxes, more expenses, and a never-ending demand for more work to keep up with inflation.
- You're playing the game, but something inside you is screaming, *There has to be a better way!*

This book exists to show you that there is a better way—a way to take control of your money, collapse time, and achieve financial freedom in ten years or less. Not through gambling on the stock market. Not through cutting expenses and living small. And definitely not by waiting decades for the meager results of a financial system designed to serve everyone except you.

The **Passive Income Machine**® is different.

It's not just another financial strategy—it's a proven system built on timeless financial principles that have created wealth for generations. It's designed specifically for high-income earners, business owners, and financially frustrated professionals who are done playing by the old rules. It's built for those who have figured out how to make money—but still feel trapped in the time-for-money trade-off.

This book is for,

- the **entrepreneurial investor** who wants to build wealth without sacrificing control.
- the **high-income professional** who's tired of slow, uncertain results.
- the **freedom seeker** who refuses to wait until sixty-five to live life on their terms.

The Passive Income Machine is the vehicle that transforms active income into freedom—so you can *stop* working for money and start making *money* work for you. This is not another book filled with empty financial advice. This is a roadmap—one that has already worked for countless others and, if you take action, *will* work for you too. By the time you finish this book, you'll know exactly what to do, how to do it, and how to make financial freedom in ten years or less inevitable.

The only question left is, will you take action?

Money Is the Tool, but Freedom Is the Goal

This is a book about money—unapologetically so. But not because money is the goal. Money is simply a tool—one that can either trap you in a life of limitations or unlock the greatest adventure of all: a life on your terms—a life in which you *own your time*.

Your time is your most precious, non-renewable resource. Every second that passes is one you will never get back. Are you using your money to buy back your time? Or are you trading your time away, hoping that one day you'll

have enough left to truly live? This book is not just about an investment strategy. It's about something far greater: *your freedom*.

The world has taught you the lie that financial freedom is only for the lucky, the privileged, or the ultra-disciplined. It tells you security comes from following the system, deferring gratification, and hoping your nest egg will last—that freedom is something you earn after decades of sacrifice.

But that's not true. Freedom isn't something you wait for—it's a lifestyle you can start living right now.

This book is here to wake you up. Time is the currency of life, and money is the tool that determines how much of it you truly own. We're here to show you how to take ownership of your money and, in doing so, reclaim your life.

Money's greatest intrinsic value isn't in what it can buy—it's in what it allows you to choose. And the greatest form of wealth is waking up each day with the power to declare, "I can do whatever I want today." But before you can step into what's already possible, we invite you to consider a radical idea: you are *already* free.

Freedom isn't just an abstract ideal—it's the essence of what makes life worth living. It's the power to choose, to act, to carve your own path—free from the constraints imposed by society, the financial system, and your own fears. True freedom is control over your time, your choices, and your destiny.

You have the power to choose differently.

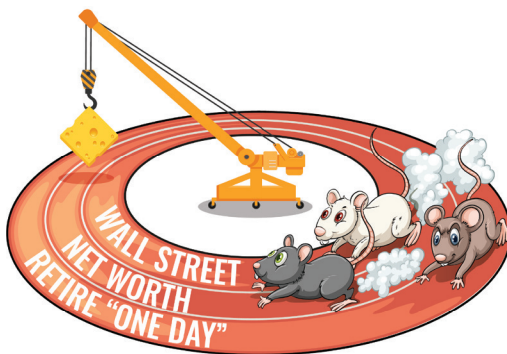
This book is your invitation to take back control of your money—to stop outsourcing your future to Wall Street and hoping they'll set you free one day. It's time to rise up and use your money in a radically different way—one that puts you back in the driver's seat and allows you to reclaim full ownership of your time. Not so you can retire someday, but so you can *truly live today*. Chase your dreams. Build. Create. And live a purpose-driven life on your terms.

It's highly probable that everything you've been taught about money is keeping you stuck. The system has trained you to focus on making active income—to trade time, effort, and energy for money. You've figured that part out. But no one has told you that if you don't convert *active* income into *passive*

income, you'll never be free. The income game is a trap. No matter how much you earn, if your money isn't working for you and creating income while you sleep, you're just running on a faster hamster wheel.

And that's why this book exists. This book is for those who want out of the cage!

Inside this book, you'll discover the Passive Income Machine: a simple yet powerful investing framework that makes financial freedom inevitable in ten years or less. This proven system is for those who don't trust Wall Street, who are skeptical of conventional financial advice, and who refuse to blindly hand over their futures to the same system that keeps most people broke.



This book is for people who refuse to accept the default life plan. It's for individuals who are ready to play a different game:

- A game where every dollar you make works harder than you do.
- A game where your money isn't locked up for decades.
- A game where you build wealth with control, certainty, and speed.
- A game of options that lets you say "yes" to life and its greatest adventures.
- A game of freedom, where you own your time and live life on your terms.
- A game of impact—where money fuels your purpose, not just your survival.

The Only Question That Matters

Now that you know the Passive Income Machine exists, you have a choice. You can keep playing the old game—working harder, making more, and hoping it's enough. Or you can build the system that turns your income into freedom—permanently. The only question that matters is, which path will you choose?

The invitation is simple: *rise up* so that you can *live free*. The path is laid out for you. Let's get started.

PART I

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ANSWERING YOUR WAKE-UP CALL

Why Everything You Believe About
Money Is Wrong

“The old game of wealth was accumulation. The new game is automation.”

— Robert G. Allen

1

HOW THE MONEY GAME HAS CHANGED

And Why Playing by Old Rules
Will Keep You Broke

The typical financial game—work hard, save in a 401(k), and hope for retirement “one day” is failing. Inflation, taxes, and the unpredictability of the stock market have turned the traditional American Dream into a broken promise. The financial system has changed, but most people are still playing by outdated rules. This chapter reveals why so many people are following a path that no longer works—and why it’s time to abandon it for a better way.

Escaping the Never-Ending Need for More

Does the following scenario sound like you?

You’ve done everything “right.” You’ve worked hard and earned good money. Maybe you’ve built a business, climbed the ladder, or made a name for yourself. You know how to win—and you’ve done it before. You’re not miserable, but if you’re being honest—you’re not satisfied either. And in the quiet moments—when the noise dies down, and it’s just you and your thoughts—you begin to wonder, *Is this it?*

You don't feel like you're losing, but you sure don't feel like you're winning either. And when it comes to your money and your future, something feels off. There's an unsettling question that sneaks up in the still moments, in the spaces between paychecks, promotions, and progress: "Am I... trapped?"

Sure, you feel free on the weekends. You can take a trip, splurge on a nice dinner, or say yes to a little adventure now and then. But deep down, you know the truth: Your lifestyle depends on one thing—*you*. If you stopped working tomorrow, your investments wouldn't support you for long. And if you're being honest, this knowledge scares you—drives you. In some ways, maybe it even defines you.

So, you brush the thought aside—the fear, the frustration—and go back to what's become almost automatic: Work harder. Make more. Save more. Try to build a nest egg big enough to make the fear disappear. Try to reach a number that finally feels like *freedom*.

But the harder you work, the more elusive it becomes.

And eventually, the questions grow louder: "How much do I need in my IRA, my brokerage account, my crypto wallets to feel free? When will I be free? When will my money and my investments support my lifestyle—so I don't have to?" Every time you dare to ask, the answer you get is always the same: More. More working. More saving. More risk. More waiting for "one day."

You're a winner. You've won in many other areas of your life. But despite your best efforts, you can't seem to win with money. And the real problem? Nobody seems to have a clear answer. Not your advisor. Not your CPA. Not the army of professionals—planners, brokers, fiduciaries, attorneys—dedicated to helping you "win" with money. There's over *\$44 trillion* sitting in retirement accounts across America—almost as much as the combined GDP of the United

.

"Money Mastery gave me more than a path to become work optional—it gave me the mindset to lead, learn, and build with purpose. I now have a plan that puts my family first, creates freedom today, and sets the foundation for future generations to thrive."

— Hiroki W., New Jersey

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States and China.¹ And yet the one question that keeps you up at night remains unanswered: “Am I free yet?”

Many others are asking the same question. Across the country, millions are waking up to the same realization: The retirement dream—the promise we were sold—is unraveling. And the numbers prove it. The system no longer works. You’re playing the game of money designed for a world that no longer exists.

You’re not failing with money. You’re just playing by the wrong rules, and this is the hidden reality that no one wants to mention. The rules you were taught—that your parents followed, your teachers preached, and your advisor swears by—don’t work anymore. And it’s not your fault. You’ve been doing your best to win a game that’s been quietly rewritten. You’re right to feel frustrated. Because that’s not freedom. That’s not winning. And that’s not the life you signed up for.

This book is about learning the new rules of money—and using them to win faster, smarter, and on your terms.

You’re not alone. We—the authors of this book—started with the same question and the same drive to be *truly* free. But as we searched for answers, what we discovered shocked us. And we’re now sharing what we found with you. We didn’t just find ways to make a broken system work a little better—we discovered an entirely different game with a different scoreboard, different rules, and a different outcome—a game where those who play by the new rules aren’t just surviving, they’re thriving.

In full transparency, this book will introduce you to a world that exists in *parallel* to the one most people are still trapped in. What we’re about to teach you challenges conventional retirement planning at its core. Both worlds exist. This book is your invitation to choose which one you want to live in.

We promise to give you truth, empowerment, and a new way to win with money—because we believe money is a tool to build a life that matters—not

1. “The 20 countries with the largest gross domestic product (GDP) in 2025,” Statista, accessed July 25, 2025. <https://www.statista.com/statistics/268173/countries-with-the-largest-gross-domestic-product-gdp/>

someday but right *now*—a tool to set you free and open the doorway to more options. But it will never replace the most important part of the equation—*you*.

Understanding the Biggest Tradeoff of All: Time

Whether you realize it or not, you're part of the money game, and you're playing it every single day. You may not know the rules. You may not have agreed to play. But you're in it all the same—we all are. It's a game with winners and losers. A beginning and an end. And the ultimate prize is your time.

Whether you call it retirement, financial independence, or time freedom, it all points to the same goal: using money as a tool to buy back your time and live life on your terms. Some people refer to this idea as FIRE, which stands for “financial independence, retire early.”

But here's the part most people miss (even those in the FIRE movement): the way we pursue that freedom still demands too much life in exchange for too little freedom. We stay dependent—on a job, or maybe on a business we built that now owns us. We're chained to a paycheck, watching the market, and waiting for the day when it finally feels safe enough to slow down.

Most people spend forty to fifty years trading their time—their one non-renewable resource—in the hopes of buying back a few good years at the end. They follow the script. They go to school, get a job or start a business, save in the market, buy a house, work hard, and then wait. If all goes well, they retire at sixty-five or seventy and *maybe* live the dream for the time they have left.

But here's the problem we've already alluded to: It's not working!

When the Retirement Promise Was Real & Why It Failed

The retirement promise was real—for a brief moment in time. Before we go forward, we need to go back and look at how the problem began. Because what you're chasing—freedom, independence, time ownership—*hasn't always existed*. In fact, it's a brand-new invention. And the traditional way of getting there worked—for a little while.

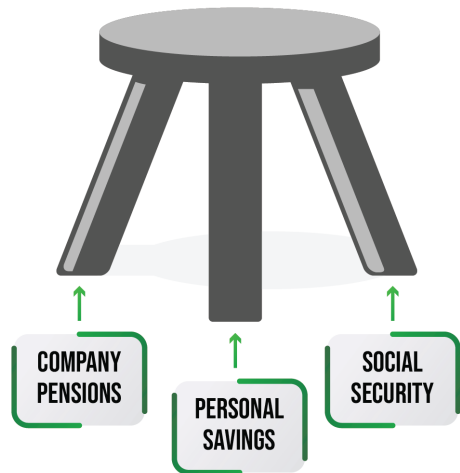
Think about it: from the beginning of time until just a few decades ago, the “retirement dream” wasn’t a dream. It wasn’t even a thought. Here’s a look at some of the retirement plans over the ages:

- 180,000 BC – Work until you die.
- 10,000 BC – Work until you die.
- 1 AD – Work until you die.
- 1,000 AD – Still working until you die.

Then, sometime around the mid 1900s, everything changed. As the industrial revolution began, corporate America emerged, and government programs expanded, a new idea took hold: individuals should work a career of a certain length and then retire with a paycheck for the remainder of their lives. And for one brief moment in history, it actually succeeded. The model was referred to as the three-legged stool—a balanced foundation made up of three key pillars of retirement success:

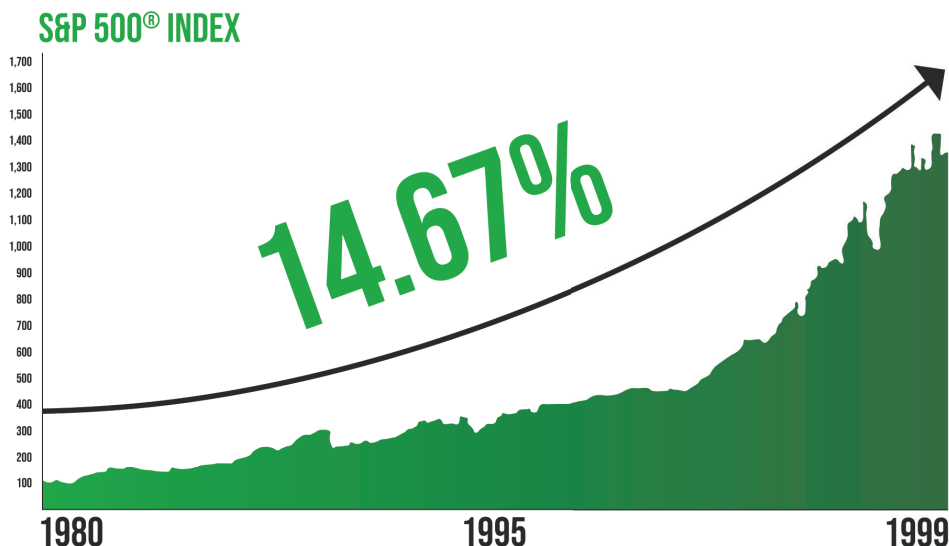
1. A pension from your employer.
2. A pension from the government (Social Security).
3. Personal savings as a cushion.

It was simple. It was stable. It was automatic. And best of all? It *worked*. If you showed up, did your job, and stayed employed, you were guaranteed income for life. You didn’t need a financial advisor. You didn’t have to outsmart inflation or manage risk. You just worked, then stopped working—and the checks kept coming. Retirement wasn’t a gamble—it was a guarantee. It didn’t require skill or strategy—just time served. But like all good things, it didn’t last.



How the System Changed—and Most People Missed It

In the 1980s, companies began quietly phasing out pensions. Americans were living longer, and guaranteeing a paycheck for life had become a massive liability for companies. So the system shifted. Pensions were replaced with 401(k)s, IRAs, and defined contribution plans.



What does that mean for you? It means that you're left on your own to determine how much you need to accumulate in a 401(k) to replace that paycheck and provide income for life.

At first, this new arrangement didn't seem like a big deal. In fact, it felt like an upgrade. As money automatically flowed from paychecks into the stock market, the market boomed. From 1980 to 2000, the S&P 500 averaged 14.7% per year.² Retirement accounts grew like clockwork—and they grew fast. For the first time in history, anyone with a job could become an investor in the stock market. This was the golden era of the new American Dream, and the prescribed path for success was easy to follow, from obtaining an education to wealthy retirement and freedom.

2. "S&P 500 – 100-Year Historical Chart," Macrotrends. Accessed July 25, 2025. <https://www.macrotrends.net/2324/sp-500-historical-chart-data>

Books like *The Millionaire Next Door* reinforced the idea that anyone could live the dream. You didn't need sophisticated knowledge—you just needed to opt into the system and let it do its job. For a time, the retirement dream was not only real—it was completely attainable.

When the Cracks in the System Appeared

Then the year 2000 hit. Anyone who retired in 1999 walked straight into a black hole. The market crashed for three years in a row. Their lifetime of savings was cut in half. And for the first time, people started asking the question no one had prepared them for: “Am I going to run out of money during retirement?”

Wall Street kept the illusion alive with the usual soothing platitudes:

- “Stay the course.”
- “Markets recover.”
- “Long-term investing always works.”

So, most Americans did exactly that—they stayed the course. Until the course collapsed again. In 2008, the market crashed nearly 40% in a matter of months. It was the worst single-year performance for the S&P 500 since the Great Depression.³

For those who weren't retired yet, it was painful. Between the crashes of 2000 and 2008, it took most investors nearly another decade just to get back to breaking even. That's fifteen years of no real gains—fifteen years of volatility, frustration, and stalled progress. It was a devastating blow for anyone trying to build wealth or plan for retirement. But for someone already in

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“I had many of the building blocks, but needed a focused approach to transform my resources into a foundation for achieving freedom. The education, support, and guidance in Money Mastery gave me the mindset and motivation to build what I would have once considered impossible.”

— Chris R., Texas

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3. “S&P 500 – 100-Year Historical Chart,” Macrotrends. Accessed July 25, 2025. <https://www.macrotrends.net/2324/sp-500-historical-chart-data>

retirement—or trying to retire—during those years, the dream quickly turned into a nightmare.

Not only were their savings decimated, they were forced to start drawing income from a shrinking account. That meant selling assets at a loss, accelerating their portfolio's decline, and facing the one outcome no one ever planned for: running out of money in retirement.

The Game Has Changed—But You're Still Playing by Old Rules

For decades, Wall Street has been positioned as the primary tool to build wealth and retire securely. But here's the uncomfortable reality: the stock market experiences *significant* losses roughly one out of every four years—and most investors fare even worse.

According to long-term studies by Dalbar, the average investor consistently *underperforms the market itself*—not because the market is broken, but because the traditional retirement model is.⁴ While the S&P 500 has historically returned around 10% annually, the average investor earns closer to 6% or less due to emotional decision-making, poor timing, reactive strategies and costs associated with being in the market.

What once seemed like a reliable, automatic path to retirement is now riddled with cracks:

- The promise of retirement has eroded, replaced by uncertainty and possible delay.
- The tools you were told would help you achieve the American Dream have been corrupted—or co-opted to benefit others first at your expense.
- The “three-legged stool” of pensions, Social Security, and savings has collapsed—leaving you to shoulder the full burden alone.

4. “Quantitative Analysis of Investor Behavior,” Dalbar, <https://www.dalbar.com/ProductsAndServices/QAIB>.

Even **Ted Benna**, the man credited with creating the 401(k), has said, “I helped open the door for Wall Street to make even more money than they were already making... and I regret that.”⁵ No wonder financial planning feels overwhelming—even terrifying. If you’re still relying on Wall Street to “save you,” you’re playing an *impossible* game. That doesn’t mean the market won’t grow your money. Over time, it probably will. But this is about more than just market volatility. It’s also about inflation, taxes, shifting laws, global instability, rising healthcare costs, and increased complexity. It’s all stacked against you.

And ironically, what should be a blessing (living longer) has now become one of the biggest threats to your financial future. Modern medicine is extending lifespans well into the eighties and beyond. Some experts believe we’ll see healthy, active one-hundred-year-olds become the norm in our lifetime.⁶ Which raises the terrifying question, how do you build a nest egg large enough to last thirty to forty years—or more—if your goal is to retire early in a world of economic uncertainty?

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“I thought I knew the path to financial freedom, but I was stuck until I was introduced to the Passive Income Machine. I’m blown away by the strategy I learned and results I’ve seen firsthand. I wish I would have started twenty years ago!”

— Stephen G., UT

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It’s hard to question “the rules” when you were born into them, they’re all you’ve ever known, your parents followed them, your co-workers follow them, and the entire system—from schools to advisors to mainstream media—reinforces them like gospel truth even when it’s clear that they’re not working.

People don’t like to be wrong. Most would rather double down on a failing system than face the discomfort of questioning it. They’ll work harder, save more, and delay dreams—all to avoid facing the brutal truth. Because admitting that would mean starting over. It would mean waking up. And that’s not easy—especially when everyone around you is still asleep, still playing the same game, and still hoping it will finally pay off “one day.”

5. Steven Porter, “Why ‘Father of the 401(k)’ says he regrets pushing the retirement plan,” *The Christian Science Monitor*, Jan 5, 2017. <https://www.csmonitor.com/Business/2017/0104/Why-Father-of-the-401-k-says-he-regrets-pushing-the-retirement-plan>

6. “Life Expectancy,” Our World in Data. <https://ourworldindata.org/life-expectancy?insight=life-expectancy-has-surpassed-predictions-again-and-again#key-insights>

But luckily, the situation isn't as bleak as it appears. The game of money isn't broken—the rules have just changed. You're still playing by the old rules because the people profiting from your confusion have no incentive to show you a better way. It's like stepping onto a football field and trying to win with soccer rules. You're running hard, following the playbook, and doing what you were told—but you're *not scoring*. You're not winning, and you're left wondering if the game is rigged.

It is rigged, but not so badly that you can't still win. You just need to update your approach. And trust us—we know from experience that it isn't easy!

My Wake-Up Call with Money

Ryan Lee

At some point, I had to ask myself the same questions you're asking. But I woke up. And what I discovered changed everything.

Early in my adult life, I'd done everything "right." I went to college, got a degree, and landed a job. I didn't go to college because I loved school—I went because I believed it was the price of admission to a better life. I sprinted through the process as fast as possible with one goal: graduate quickly, land a good job, and start making real money.

But in my junior year, my plans were knocked off course when I met Bethany—the brown-eyed beauty who would change everything. Suddenly, the degree wasn't the prize I wanted anymore—*she* was.

We got married, and shortly after graduation, we moved from Utah to Tucson, Arizona, where I'd landed my first "real" job. She was pregnant with our first child. I was twenty-four, living in a new city, and adjusting to a new job—with a family on the way. And I was terrified.

A few weeks later, my first paycheck arrived, and I'll never forget it. This was back in the day when you actually got a *paper* check. And for me, it was more than just a paycheck—it was a symbol. A moment. The first tangible proof that I was becoming the man I had set out to be when I got married: A provider. A husband. A father.

I didn't open it right away. I carried it with me all day like a badge of honor. That night, I walked to the steps of a Bank of America, tore open the envelope... and felt the blood drain from my face.

After taxes, insurance, and moving expenses, there was almost nothing left. I flipped it over twice. *This can't be right*, I thought. But it was.

Have you ever had a moment like that? When you've done everything you're supposed to do and *still* feel like you're losing? That was the first time I truly *felt* the tradeoff: so much work, so much sacrifice—and *this* was the reward? If it took *this* much effort to get *this* far, how much more would it take to ever be financially free?

I didn't have an answer. And honestly, that scared me. For a moment, a quiet voice in the back of my head whispered, "You should just quit now." I didn't want to be in Arizona. I didn't want to work in operations. I didn't want to sit in a cubicle taking orders from Mark, my new boss. I was doing it all for the money. And if the money wasn't going to be enough, what was the point?

But I shook it off. I had responsibilities now, with a wife and a baby on the way. I was a provider. And providers don't quit. But I did make a decision that day—a quiet, resolute commitment to myself: If I was going to play this game of money and life, I was going to win.

So, I made a vow on those steps of Bank of America: "I will retire early. I will do whatever it takes to buy back my freedom. I will climb the ladder, make more, save more, and escape the grind." I kept playing by the rules I'd been given: I resolved to save and grow money in the market. I showed up, created value, solved problems, and did more than expected. I went from earning \$32,000 fresh out of college to earning six figures in just four years.

I kept my lifestyle lean. Every dollar not working toward early retirement felt like a waste. I slashed expenses. I saved 30% of my income. I maxed out my 401(k). I still remember the sheet they gave me at work with a bunch of fund acronyms. I didn't know what they meant. But I saw the one with the highest number next to it and said, "That one. Put all of my money there." If I wanted to retire early, my money had to work as hard as I did. So I chased the biggest number.

After I maxed out my 401(k), I opened a brokerage account and started options trading. I even bought Iraqi currency—dinar—after getting some “insider” advice about a post-war boom. Yes—I took advice from a guy called “Dinar Daddy.” (In hindsight, let’s just say we all have our learning moments.)

For a while, I felt like I was making progress. My accounts were growing. My net worth ticked past \$100,000. I tracked it obsessively. I thought that number meant I was winning. I didn’t know exactly how close—or far—I was from retirement. But it *felt* like I was on the right track. If I stayed the course, one day I’d be free.

Then came 2008, and everything changed. The market collapsed—and along with it, everything I’d built. My “investments” weren’t really investments at all. They were guesses. Speculations. A house of cards. Just like that, my net worth dropped from over \$100,000 to barely \$30,000.

Have you ever had a moment where the floor falls out from under you? Where you go from feeling in control to realizing you were never in control at all? At first, I thought I’d done something wrong. But then I looked around. Everyone else who was following “the plan” was bleeding too. And I heard the same advice repeated like a chant from the market gurus and financial planners I once believed had the answers: “Don’t worry—just stay the course. The market always comes back.”

And maybe that was true. At least, for *me*—because I still had time to trade.

But as I listened—*really* listened—to my coworkers, something clicked. Some of them had been playing this game for twenty or thirty years. For them, “the market will come back” didn’t mean recovery... It meant delayed retirement. They’d been saving, planning, and sacrificing for decades—just like they were told. They were just *barely* recovering from the last crash, and now? This crash felt like a death blow. They weren’t planning their next chapter of life. They were recalculating, scaling back, and letting go of dreams.

And I couldn’t shake the feeling that I was staring through a window into my own future. I was doing exactly what they were doing, but somehow, I was expecting a different result.

That was my first *real* wake-up call. Not just because I lost money, but because I realized I had no control. I was chasing a dream that might not even be real. It shattered my trust in the system.

I turned on the news and listened to the same pundits I had trusted a few months earlier. They weren't offering clarity—they were guessing what might happen next, which companies might go up or crash, and how long it would take to recover. That's when the illusion truly shattered: I wasn't investing—I was gambling. If *they* were guessing, then so was I. And that meant I was gambling with my future. It left me confused, angry, and—for the first time—open.

That was the moment I stopped blindly following the script. I didn't have all the answers yet. But I knew one thing for sure: I was still committed to winning this game. I just needed a better set of rules to play by.

But as painful as that financial wake-up call was, it was only half the story. What came next—what I'll share with you in chapter 4—wasn't just about money. It was about everything I was *losing* in pursuit of money. And everything I *stood* to lose: not dollars, not investments—but *time, family, and life*.

That was the wake-up call that nearly broke me. And that's when everything truly changed.

Learn to Win on Your Terms

The rest of this book will show you exactly how to play the *new* money game—and how to win on your terms. But before we move forward, we'll pause, step back, and see the game for what it is. There is a quote that's largely attributed to Albert Einstein and captures his spirit of thinking that says, "If I had an hour to solve a problem, I'd spend fifty-five minutes thinking about the problem and five minutes thinking about solutions." That's exactly what we're going to do in the next chapter. Before we talk about how to win, we're going to get crystal clear on the game you're actually playing—and why the old playbook no longer works. Together, we'll question the narrative, challenge the assumptions, and re-examine the foundation. Because once you finally see the problem clearly, the solution becomes *simple*.

You're going to find *another* option—a *better* one. One that begins with *stopping* the game that's draining your energy, your sanity, and your future. *Stopping* the cycle of blind trust in a system that benefits more from your confusion than your freedom. *Stopping* the waiting, the outsourcing, and the hoping. Because the real freedom you desire doesn't begin with working harder.

Your freedom begins with working smarter.

The Game Has Changed—Now Launch Your Freedom

In this chapter, you discovered *why* the old rules no longer work. But awareness is only the first step.

That's why we created the **Launchpad**—a full, gamified training experience that goes far deeper than this book. Inside, you'll get over ten hours of step-by-step content showing you exactly how to build your Passive Income Machine® with the right tools, the right system, and the right strategy.

The best part? If you're holding this book, you *already* have access. Scan the QR code to unlock the Launchpad now or visit,

www.PassiveIncomeMachine.com/Launchpad

Don't just *read* about the new game. Launch your Passive Income Machine. Experience the strategy.

Step into action.



"The greatest skill you can learn isn't how to work harder—it's how to get paid without working at all."

— Ryan Lee

2

REVEALING THE GREAT DECEPTION

How the System Was Rigged to Keep
You Dependent

You're playing an unwinnable game—one that distracts you with the illusion of security while keeping you trapped in a system designed to benefit banks, Wall Street, and the government. From the moment you started earning, you were conditioned to follow rules that keep you dependent. The truth? Savers are losers—not because saving is bad, but because the system ensures that it will never be enough. This concept was popularized by Robert Kiyosaki, author of *Rich Dad Poor Dad*,¹ and it may sound a little harsh at first, but just keep reading.

Let's imagine for a moment that you're stranded on a desert island. It's small, isolated, and while there's plenty of food, there's no fresh water. Days pass. You grow increasingly desperate. Then, floating toward shore, you spot a barrel bobbing in the waves. It washes up at your feet. You pry it open—and inside, miraculously, is clean, fresh water.

You can't believe it. A full barrel of cool, life-saving water. Your first instinct is to dunk your face in and gulp it down, quenching the thirst that's been

1. "Why Savers Are Losers," Rich Dad, Oct 3, 2024. <https://www.richdad.com/savers-are-losers>

building for days. But just before your lips touch the water, something stops you. A thought—sharp, sudden, and edged with fear—crosses your mind: *How long does this water need to last?*



You're stranded, and while you hope rescue might come soon, the truth is you have no idea. There's enough food on the island to survive as long as needed, but this single barrel is your only source of drinking water. So, wrestling with the possibilities, you consider the lack of fresh water on the island and the scarce chance of rainfall, and you ask another unanswerable question: *Can I find any reliable way to refill this barrel?*

Until you can answer those two questions, you can't drink freely. You'll ration and sip sparingly. Your experience shifts from relief to anxiety as you watch that life-giving water slowly disappear—one cautious sip at a time.

This is the reality most people face in retirement. But you didn't fail the system. The system failed *you*. You were taught to save but never shown how to turn savings into sustainable income. That's the trap. And that's why savers—without a better plan—become “losers.”

They spend decades working, saving, and trusting that their “barrel of money” will carry them through. But when the time comes to actually use it—to draw income from it—they hesitate. Fear sets in. Because just like sipping from a barrel of water on a desert island, they don't know how long it has to last or if it can ever be refilled. And with every cautious withdrawal, they watch

the level drop—slowly, steadily—until what once felt like relief begins to feel like quiet panic.

They may technically be retired—but they’re not free. They’re fragile. They’ve spent their whole lives preparing for this moment—working, saving diligently, investing, and maxing out their 401(k)s. But now that the paychecks have stopped and the responsibility to generate income has shifted onto their portfolios, a new and terrifying question takes center stage.

The Question Wall Street Doesn’t Want You to Ask

There’s one question Wall Street never wants you to ask. Not because it’s complicated but because it’s dangerous to their system and their profits. And the fact that so few people ask it is proof of just how masterfully the system has kept us distracted.

There are two reasons this one question almost never gets answered.

- **First**, many financial advisors simply *don’t know* the answer. And that’s not necessarily a personal failing—it’s how they’re trained. Most advisors don’t build real financial strategies. They’re taught to sell financial *products*. The vast majority work under broker-dealer firms that operate on commission or assets-under-management fees. Their compensation is tied to moving mutual funds, annuities, and managed accounts—not creating personalized, results-based retirement plans. As long as your money stays in the system, they win. That’s the business model.
- **Second**—and far more concerning—is this: The advisors who *do* know the answer often avoid it on purpose. Because it undermines the very foundation of what they’re offering you.

So let’s pause and consider why you’re saving in the first place. Why are you giving up money now—sacrificing time, opportunity, lifestyle—for some future promise? The answer is simple and universal: You’re saving today **so you can eventually stop working**—*without* sacrificing your lifestyle. That’s it. That’s the point of every 401(k), IRA, brokerage account, or “retirement plan.”

But here's the problem: If income is the goal, why isn't *income* the focus of your financial plan? Why are you shown performance projections but never cash flow models? Why is your net worth tracked religiously, but no one tells you how much income it will actually generate? Why are you handed a Monte Carlo simulation (we'll share more on this later) instead of a concrete income strategy?

Because the moment you ask the one question that really matters, everything starts to unravel. So instead of helping you solve for income, most advisors distract you with information like this:

- Rate of return targets
- Pie chart and diversification allocations
- Retirement "confidence scores"
- Target date funds

They wrap it all in language that *feels* sophisticated, using complex charts and industry jargon that create the illusion of certainty while avoiding what you truly need to know: How big does my retirement account need to be to replace my paycheck for life—**without fear of it running dry?** Not hypothetically. Not assuming everything goes right. But practically, confidently—based on how much *actual income* your portfolio can sustainably produce.

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"We thought we had our finances and retirement figured out—save, invest, and wait for our 401(k) and Social Security to take care of us. We couldn't have been more wrong. The Passive Income Machine gave us the knowledge, strategies, and connections to completely transform our lives. Today, we use real estate, tax strategies, and self-directed investments to ensure every dollar is leveraged to produce outcomes that align with our financial goals.

— Chris & Kristi C., California

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And when you finally ask that question—and demand a real answer—you begin to see the truth: The conventional retirement model isn't designed to help you *win*. It's designed to keep you *playing*—for life—so Wall Street can keep winning *at your expense*.

What Are You Really Climbing Toward?

Retirement planning is often illustrated as a mountain. During your working years, you're climbing—saving, investing, accumulating. All your effort is focused on reaching the summit.

And while you're climbing, setbacks don't feel catastrophic. When the market dips, your portfolio may shrink, and your net worth may take a hit—but your day-to-day life doesn't change. Your income from active work still funds your lifestyle. You keep moving forward. The impact is emotional, not existential. The losses are on paper—not at the dinner table.

But what happens when you reach the proverbial summit?

The climb stops. The descent begins. You transition from the accumulation phase of your financial life to the distribution phase. And here's what most people don't realize: *The rules change on the way down.*

In this new phase, your lifestyle is no longer supported by the income from your job or business—it now depends entirely on your portfolio. And when the market dips, the consequences aren't theoretical or delayed—they're immediate. A drop in your portfolio doesn't just reduce your net worth—it directly impacts your ability to safely generate income throughout your retirement years. The losses are no longer on paper. They're at your doorstep.



You still have to take income. You still have to pay your bills. So, you're forced to withdraw from a declining account—thus accelerating the depletion. Losses compound. Momentum builds in the wrong direction. And before long, the dream of retirement turns into a slow-burning fear: the fear of running out of money. Not just on paper. Not just in projections. But in real life—when you're sixty-eight, looking at your balance, and wondering if it will last another twenty years. This is the fear that haunts retirees. And Wall Street knows it.

In fact, according to the 2024 Retirement Risk Readiness Study by Allianz, 64% of Americans say they fear running out of money in retirement more than they fear death itself.² Think about that—people would rather die than outlive their money. That's not financial freedom. That's financial fragility. And that's exactly why Wall Street's solution—the so-called 4% Rule—is built around one thing: avoiding disaster. Not creating freedom. Not living fully. Just surviving—cautiously.

The 4% rule? Wall Street's "Solution" to Retirement Fear

Wall Street avoids answering the “how big does my retirement account need to be to replace my paycheck for life” question because when you see the real numbers—the math, not the marketing—the truth becomes impossible to ignore. Wall Street *does* have an answer. And on paper, it looks safe, responsible—even scientific. It's built on probabilities, simulations, and decades of market data. It's called the **4% Rule**—and it's been the gold standard of traditional retirement planning for decades. Wall Street has scientifically calculated that if you spend just 4% of your net worth per year upon retirement, you can safely and conservatively project that your money won't run out before your time does.

But here's the problem: It's a solution that solves the *fear* of running out of money by ensuring you'll never spend enough to actually *live*. In other words, you won't run out of money because you'll retire broke and live cautiously enough to stay that way. The 4% Rule is Wall Street's ultimate

2. “2024 Allianz Retirement Study,” Allianz Life, <https://www.allianzlife.com/about/newsroom/2024-allianz-retirement-study>

paradox—It’s a strategy that keeps you alive but depleted. You don’t run out of resources—you fade out. Slowly. Quietly. Cautiously.

Instead of living your dreams, you live on edge—trading abundance for caution, joy for just enough, freedom for financial survival. But wasn’t retirement supposed to be the reward? The payoff for decades of sacrifice?’

Let’s rewind for a moment. Why did you start saving in the first place? What was the vision? Most people imagine retirement as a return to freedom—a second shot at the life they had in their early twenties before the career, the mortgage, the bills, and the kids. Back when time was abundant, responsibilities were few, but money was missing. So you worked. You saved. You sacrificed. You gave up time in your prime to hopefully buy it back later.

Retirement was supposed to be the payoff that would provide freedom *plus* money—time *plus* security. A life where you could finally do what you want, when you want, with the people you love.

But then the 4% Rule enters the picture.

Going Deeper into the 4% Rule

The 4% Rule is a strategy built on something called Monte Carlo simulations—mathematical models that run thousands of possible future scenarios based on historical market performance and projected future performance. It’s like that scene in *Avengers: Endgame*, where Doctor Strange looks into fourteen million possible outcomes and finds only one way to win. Monte Carlo studies do something similar—except instead of defeating Thanos, the intended goal is to help you not outlive your money.

And financial advisors do this by calculating how much you can safely withdraw from your retirement savings each year without hitting zero before you die. Here’s what the simulations tell us:

- At a 3% withdrawal rate, you have about a **95%** chance that your portfolio will last thirty years.
- At 4%, your odds drop to **85%**—the number Wall Street has immortalized.

- At 5%, you’re down to **70%**.
- At 6%, you’ve got less than a **55%** chance of making it.

Now, keep in mind that “success” in this scenario doesn’t mean abundance. It doesn’t mean thriving. It doesn’t mean having plenty. It simply means you didn’t hit zero *before* you died. You could be living off peanut butter sandwiches at eighty-seven, watching your last dollar trickle away—and Wall Street would count that as a win.

That’s not success—that’s survival. To make matters worse, more recent studies argue that increased market volatility and historically low interest rates are putting additional pressure on Wall Street’s gold standard of the 4% rule. Financial experts like Wade Pfau³ and Michael Kitces⁴ suggest that in today’s environment, even withdrawing 4% of your savings each year may be too aggressive.

WITHDRAWAL RATE	CHANCE OF PORTFOLIO LASTING 30 YEARS	PROBABILITY DETAILS
3%	~ 95%	CONSIDERED SAFE IN MOST SIMULATIONS
4%	~ 80-90%	“SAFE” BY WALL STREET STANDARDS
5%	~ 60-75%	MUCH RISKIER, DEPENDING ON RETURN VARIABILITY
6%	~ 40-55%	UNLIKELY TO SUCCEED FOR 30 YEARS

And here’s the real issue: Probabilities are fine when you’re planning for retirement. But once you’re living it, do you really want to gamble your future on a percentage? When you finally make the call to retire—whether that’s at sixty-five or much earlier—how much certainty do you want that your money won’t run out before you do?

3. Wade Pfau, “The 4% Rule Is Not Safe in a Low-Yield World,” *Advisor Perspectives*, 2013.
4. Michael Kitces, “The 4% Rule – At What Price?” *Nerd’s Eye View*, Kitces.com, 2015.

We, the authors of this book, demand more than odds. We demand certainty. We want income you can't outlive—money that won't die.

Let's Do the Math

If you want to generate \$10,000 per month in retirement using the 4% Rule, here's what the math says:

- $\$10,000/\text{month} = \$120,000/\text{year}$
- $\$120,000 \div 0.04 = \mathbf{\$3,000,000}$

In other words, to safely withdraw \$10,000 a month in retirement income without running out of money, you'd need a \$3 million portfolio before you could even consider retiring.

Think about that. Ten thousand a month isn't a lavish lifestyle—it's covering basic expenses, maybe a little travel, staying ahead of inflation, and living with some breathing room. And yet, that level of financial confidence requires a portfolio most Americans are nowhere near achieving.

Now you see why Wall Street doesn't want you asking this question.

According to the Federal Reserve's 2022 Survey of Consumer Finances, the median net worth for U.S. households aged fifty to fifty-four is \$272,800.⁵ That means the average person approaching retirement is just 9.1% of the way toward the \$3 million target needed to generate \$10,000/month using the 4% Rule.

If you're working with a traditional financial advisor,

HOW MUCH YOU NEED TO RETIRE	
MONTHLY INCOME	NET WORTH NEEDED (4% RULE)
\$5,000	\$1,500,000
\$10,000	\$3,000,000
\$20,000	\$6,000,000

5. "Survey of Consumer Finances," Board of Governors of the Federal Reserve System, accessed July 25, 2025. www.federalreserve.gov/econres/scf/dataviz/scf/table/#series

they'll likely applaud you for hitting six figures in net worth. They'll highlight your annual returns and shuffle your asset allocations. But they'll almost never connect the dots between your *portfolio balance* and your future *income* needs or desires.

Because if they did, you might realize what's really going on: You're ten to fifteen years away from retirement—and over **90% short** of what you actually need to retire with confidence. And that's if you're the *average* person. If you've saved less—or started later—you may be even further behind.

Want \$20,000 per month? $\$240,000/\text{year} \div 0.04 = \mathbf{\$6,000,000}$

.....

"The principles of the Passive Income Machine work! I started in 2019, and within eighteen months I was able to retire on my terms from my thirty-year corporate career. I'm grateful for the choice to live my life by design doing part-time work that I'm passionate about, traveling with family, and thriving on all levels (mind, body, and spirit)."

— Leah W., California

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Now take a breath and ask yourself honestly: Is that even remotely achievable on your current plan? If you're like most people, you already know the answer. You just don't want to admit it out loud.

And that's the crux of it. The 4% Rule doesn't give you a *path* to retirement. It gives you *permission to settle*. To shrink your lifestyle. To delay your dreams. To retire—not in

abundance—but in *cautious* survival. And when that's not enough, you're left hoping a bankrupt Social Security program will somehow fill the gap.

It's not a strategy for creating freedom. It's a strategy for managing scarcity. And once you see it for what it is, something becomes painfully clear: **This is not the life you sacrificed for.** It's not the future you worked decades to create. And it's definitely not the freedom you were promised at the end of diligently following Wall Street's plan.

The Retirement Reality That Destroys Dreams

The first reaction most people have when they hear about the 4% Rule is disbelief: "How can that be? If the market averages 7–10% annually, why can I only withdraw 4%?"

It's a fair question. And on the surface, it seems logical: If you're earning more than you're withdrawing, shouldn't you be fine? But that kind of thinking comes from the **accumulation phase**—and it breaks down the moment you enter the **distribution phase**.

This is where we revisit the mountain analogy. On the way up, market volatility is uncomfortable, but it doesn't threaten your lifestyle. Your income still comes from your job or business. When the market dips, your retirement account may shrink temporarily, but you keep climbing. Your present reality is intact. The impact is emotional, not existential.

But once you reach the peak and start your descent, the rules change. Now, your lifestyle is funded *entirely* by your portfolio. And when the market drops, you're not just watching your wealth shrink—you're withdrawing 4% from it at the same time. The result is losses on top of losses. Withdrawals that accelerate depletion. A shrinking barrel with *no* guaranteed way to refill it.

This is how retirements unravel—not from one bad year, but from the compounding effect of losses and lifestyle withdrawals working against you. This is where the concept of average returns becomes dangerously misleading.

Let's look at real numbers.

From 2000 to 2024, the S&P 500 delivered an average annual return of **7.32%**. But when you look at the actual average returns for smaller time periods within that date range, you'll find huge variability:

- From 2000 to 2004, the average return was -0.71%
- From 2017 to 2021, the average return soared to 19.21%

That's a massive spread. And the difference between those two five-year windows is the difference between freedom and financial *disaster*. Because your retirement doesn't get to "average" out over thirty years if you blow it in the first five.

That's the illusion of averages—you don't spend *average* returns. You spend *actual* returns. There's a difference between an *average* return and an *actual* return. Wall Street knows this—and it's why they often report

technically correct but massively misleading average returns when showcasing market performance.

Let me show you what I mean with an extreme example.

Imagine you meet an investor who makes you a bold promise: if you commit to investing with him for four years, he'll guarantee you an average return of 25%. Imagining how rich you'll feel after four straight years of compounding gains, you commit \$100,000 of your hard-earned money to his strategy.

- **Year 1:** He delivers. You earn **100%**. Your portfolio doubles to a value of \$200,000.
- **Year 2:** Reality hits. He loses **50%**, dropping your portfolio back down to \$100,000.
- **Year 3:** He bounces back with another **100% gain**, bringing your portfolio to \$200,000 again.
- **Year 4:** He “takes it easy,” and you lose **50%**, landing you right back where you started—\$100,000.

You're furious. After four years, your actual return is 0%. You took all the risk, and you gained nothing—except four lost years.

But when you confront the investor, angry that you're no better off after four years, he looks at you calmly and says, “But I kept my promise. Your average return was 25%.” And he's right—mathematically:

$(+100\% - 50\% + 100\% - 50\%) \div 4 = 25\%$ average return.

But it's a lie that sounds like truth. Because average returns are not what you spend. They don't reflect your real-world results. Your actual return was 0%. And in retirement, time lost is money lost. This is the sleight of hand Wall Street uses when promoting long-term performance—hoping you won't notice the trick until it's too late.

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“As my fiftieth birthday approached, I realized I didn't have a long-term plan—and that had to change fast. Thanks to the Passive Income Machine and the Vault, I'm building a rock-solid financial foundation, and my future has never looked more secure.”

— Jeff H., Texas

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And when you enter retirement, those actual returns are no longer just numbers on a screen. They directly impact your lifestyle. The market may average 7–10% over time, but your life plays out in real-time—not in averages. Here’s the reality: volatility is not a possibility—it’s a *guarantee*. Historically, the U.S. stock market experiences a negative return year about once every four years. That’s two to three down years every decade. And these years don’t come with an advance warning.

The 4% Rule was built to account for this. But here’s the trade-off: The more income you want, the lower your odds of success. The more security you want, the more you must sacrifice lifestyle. It’s not a solution—it’s a quiet compromise. Because the 4% Rule isn’t designed to help you *live* in retirement. It’s designed to help you *not die broke*.

But theory is one thing. Reality is another. The math doesn’t lie.

Real Numbers—Real Consequences.

Let’s walk through an all-too-common scenario. You’ve just retired. You did it. You beat the odds. You’ve built a \$1,000,000 nest egg. You’re finally ready to enjoy the life you’ve been putting off for decades.

But in your very first year of retirement, the market drops 10%. Here’s what happens:

- Your \$1,000,000 portfolio loses \$100,000 – New balance: \$900,000
- You still need to live that year, so you withdraw \$40,000 (following the 4% Rule)
- Your final year-end balance: \$860,000

That’s a **14% hit** to your life savings in just twelve months.

You can’t wait for the market to bounce back—because that \$40,000 was real. It paid for groceries, healthcare, insurance, maybe even a trip you’d dreamed of for years. It’s gone. And you’ll need another \$40,000 next year, too. Now, just to get your portfolio back to \$1,000,000, the market would have to return 16% in a *single year*—a highly unlikely recovery, especially as you continue withdrawing for income.

That’s the trap.

Here’s how the math escalates:

- 10% drop + 4% withdrawal = **16% gain needed to recover**
- 20% drop + 4% withdrawal = **32% gain needed**
- 30% drop + 4% withdrawal = **52% gain needed**
- 50% drop + 4% withdrawal = **117% gain needed**

% LOSS	% GAIN TO BREAK EVEN	% GAIN TO BREAK EVEN WITH 4% DRAW
10%	11%	16%
20%	25%	32%
30%	43%	52%
50%	100%	117%

These aren’t just theoretical numbers—they’ve happened. And they’re entirely outside of your control. While the 4% Rule is designed to smooth out the risk of using a volatile asset like the stock market to fund a stable income—it doesn’t eliminate the risk. It just forces you to retire poor in an effort to manage it.

And the so-called “solution” available to you isn’t a solution at all—it’s a choice between two poisons:

- **Poison 1:** Spend more than 4% of your portfolio. Enjoy retirement while you’re still young and healthy—but risk running out of money early and relying on your kids or society to bail you out.
- **Poison 2:** Follow the 4% Rule. Be “responsible.” Stretch your dollars. But unless you’ve accumulated at least \$3 million, even this “safe” withdrawal won’t cover \$10,000/month. You’ll survive—but likely retire in quiet poverty.

And that *doesn't* even include taxes. Since most people use tax-deferred accounts like 401(k)s and IRAs, the government gets its cut before you even begin. That “4%” might actually be closer to 3%—*or less*—once Uncle Sam takes his share. Either way, you lose.

And the statistics back it up. According to Morningstar Center research, nearly 45% of American households are at risk of running out of money if they retire at age sixty-five. For those who retire just three years earlier, at sixty-two, the risk jumps to 54%.⁶

Let that sink in: *Half* of retirees may outlive their money.

And most of the other half are not truly, emotionally financially free. They're just hoping that their money lasts longer than they do. That's not a financial plan. That's a slow, silent crisis. Because here's the truth:

- You can't time the market.
- You can't stop spending.
- And you can't afford a major setback in the early years of retirement.

And yet, Wall Street tells you to stay the course. Stick to the plan. “Ride it out.” But you can't “ride out” a crash when you're draining a shrinking account.

That's not a strategy—that's a *gamble*.

Want to Calculate Your Own 4% Number?

Use our free calculator inside the Launchpad to see how much retirement income your current plan actually produces—and what to do if it falls short. Just visit www.PassiveIncomeMachine.com/Launchpad.



Bonus: Scan the QR code to watch Ryan walk you through this chapter's key takeaway and the simple math behind the 4% Rule.

6. Jessica Hall, “Almost Half of Those Who Retire at 65 Could Run Out of Money,” *MarketWatch*, August 3, 2024. <https://www.marketwatch.com/story/almost-half-of-those-who-retire-at-65-could-run-out-of-money-c24daaff>

Why Savers Are Actually Losers

Ryan Lee

I once dismissed the phrase “savers are losers.” It sounded harsh—even offensive. Especially to someone like me, who had done everything “right.” I was raised to save—taught from a young age to set aside 10% of everything I earned. I took pride in it. I believed it was the responsible path—the foundation of freedom. But after watching 70% of my retirement savings vanish despite following the rules, I finally understood what Robert Kiyosaki was really saying. He wasn’t mocking savers. He was warning them.

Let’s be clear: saving isn’t the enemy. *Blind* saving is. Saving without clarity, without direction, without a strategy to turn accumulation into income—that’s what turns good intentions into devastating outcomes. The habit of saving is still essential. But without alignment and purpose, it quietly steals the very freedom it’s supposed to secure.

Because if you don’t know how your savings will convert into income, you’re not building freedom at all. You’re building a trap—and the more diligently you save, the tighter it becomes. And when that trap finally springs—when the paycheck stops and your portfolio becomes your lifeline—you may realize, far too late, that you’ve been playing the wrong game all along.

This was never just about money. It’s always been about time. And when you spend the most vital decades of your life trading your time for money—only to find that money won’t buy your time back—you haven’t just lost financially. You’ve lost the very thing you were hoping to reclaim—the game of life. That’s the real cost of following a plan designed to keep you hoping, working, and saving forever.

If you’ve been assuming your dreams will come true “someday” after retirement, this chapter was meant to shake you awake. Because once you’re awake, you can finally begin to question the system—not just follow it. You can stop optimizing a broken game and start building a new one.

You don’t need to work harder. You don’t need to wait longer. You don’t need to cross your fingers for another decade. You need a different path—one

that turns savings into income, aligns with how wealth is actually created today, and sets you free in ten years or less.

And that's where we're headed next.

The economy may feel unpredictable, but it isn't random. It's governed by a handful of consistent, powerful Wealth Forces—or headwinds—that operate whether you see them or not. It's not just a swirling mess of markets, returns, and luck. These invisible forces shape your financial outcomes every day. Most people are crushed by them. But a few learn how to align with them—and those few build wealth almost automatically.

In chapter 3, we'll uncover these economic forces one by one and show you exactly how they work *for* some people and *against* others. Once you understand them, you'll stop fighting the current—and start using it to your advantage. Because when you understand the forces driving your results, you don't just escape the old game. You start building wealth.

Are You Relying on a Broken Formula?

Now that you understand the real limitations of Wall Street's income solution—the infamous 4% Rule—it's time to put your own numbers to the test.

Inside the **Launchpad**, you'll unlock a simple but powerful calculator that reveals exactly how far you are from financial freedom if you stay on the traditional path. But don't stop there—you'll also connect with a community of people just like you: driven, frustrated with the old system, and ready for something better. Share your number, find support, and see how fast things change when you have the right strategy and the right people behind you.



Access the Launchpad now at **www.PassiveIncomeMachine.com/Launchpad** or simply scan the QR code.

"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

— Buckminster Fuller

3

YOUR HEADWIND PROBLEM

Revealing the Hidden Forces
Stealing Your Wealth

Most people feel like they're doing everything right with their retirement plan. And if you've made it this far in the book, I know that's probably you. You're not a dabbler. You're not just *interested* in financial freedom—you're committed. You're doing the work. You're following the prescribed path and playing by the rules. You work hard. You save diligently. You invest consistently—and you're still falling behind.

It's like running on a treadmill—working harder and harder just to stay in place. And for many, that treadmill is speeding up. A growing number of Americans expect to work past age seventy—or never retire at all.

But now you know that the problem isn't you. The problem is that you're playing a rigged game.

This chapter reveals the four invisible financial forces that quietly extract wealth from your life every day: taxes, inflation, interest, and opportunity cost.

These aren't random market forces—they're systemic headwinds baked into how the financial world works. Once you understand them, you'll stop playing

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"LIFE CHANGING! Before Covid, we followed all the traditional rules—budgeting, maxing out our 401(k)/IRAs—but still felt constant anxiety about retirement and the stock market rollercoaster. Then we discovered the Passive Income Machine, and five years later everything has changed. Today, we're taking action with a clear, achievable vision for our future—sooner than we ever thought possible."

— Beau & Amy S., Arizona

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defense and start positioning your money to ride with the wind instead of against it.

The truth is, the financial system is working *exactly* as designed—it just wasn't designed for *you*. It was built to benefit the government, Wall Street, and big institutions—not everyday people trying to build a better life by following the script. In fact, the system is actively working against you.

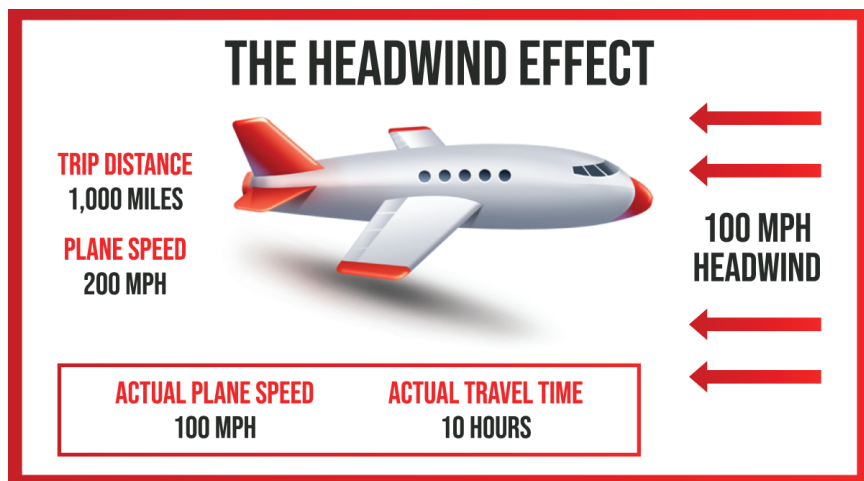
In the next few pages, we'll show you why (even when you do everything "right") wealth still feels out of reach—and why no amount of discipline, sacrifice, or effort will help if you're fighting against the very forces shaping the economy. Because while most people obsess over behavior—save more, spend less, work longer—the real challenge isn't *how* you play—it's the game board itself. You're flying into a headwind and wondering why you can't reach your destination. Let us explain.

The Headwinds You Can't Escape

Imagine boarding a plane for a one-thousand-mile journey. The aircraft is built to fly at 200 miles per hour, so you plan your trip accordingly—expecting to arrive in five hours.

But what if, on the day of your flight, there's a 100-mile-per-hour headwind? Suddenly, even though the engines are working at full capacity, the plane is crawling forward at half speed—just 100 miles per hour. What should have been a five-hour trip now doubles and takes ten hours. You're burning fuel. You're pushing full throttle. And yet you're barely getting anywhere.

That's what most people experience financially. They're grinding at their job, saving consistently, investing "the right way"—and they're stuck. Not because they lack effort but because they're flying into invisible economic headwinds.



There are four major headwinds constantly shaping your financial reality:

1. Inflation
2. Taxes
3. Interest Rates
4. Opportunity Cost

These forces are always present for everyone—whether you're a millionaire or living paycheck to paycheck. They're constant, relentless, and often invisible. And if your money is positioned against them, they quietly extract wealth from your life every single day, making it harder and harder to reach your financial goals, even when you're doing everything "right."

The question is—do you acknowledge them? Do you plan for them? Or do you fight against them, unknowingly making your financial journey harder and your goals less attainable?

These forces are built into the system. They're inescapable. And most people have lived their entire lives under their influence without even realizing it. You were likely born into an environment where these headwinds have

been so normalized, so ever-present, that you've never imagined a financial world *without* them. And because most people never learn how they work, they unknowingly spend their entire lives fighting against them—pushing uphill and wondering why they can't seem to get ahead.

These headwinds aren't personal. They're not emotional. They just are. Ask yourself, "Are these financial headwinds working against me and my financial plan?" The answer is probably yes. Here are some possible examples:

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"My wife and I went from not knowing whether we'd be able to retire to gaining control of our finances. Money Mastery taught us the most important asset (ourselves) and the empowerment to rise up and take control of our future. We now have sixteen cash-flowing assets and have set up generational wealth for our kids and our entire family tree."

— Sean & Hayley B., Washington

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- You're carrying a 28% balance on a credit card while hoping to earn 8% in the market.
 - ➡ The financial headwinds are working against you.
- You contribute to a 401(k) and get your match—thinking you scored a tax deduction. But really, you've just shifted your tax burden to retirement when you can least afford it.
 - ➡ The financial headwinds are working against you.
- You save diligently in banks and mutual funds, chasing average returns—while the real inflationary cost of living rises 5–6% a year. You're not actually building wealth. You're treading water.
 - ➡ The financial headwinds are working against you.
- You're presented with an opportunity to invest in real estate—something that could create cash flow, tax advantages, and long-term growth. It's the kind of opportunity that could fast-track your path to financial freedom. But your money is trapped inside retirement accounts, and accessing it early comes with penalties. So, you miss the opportunity... and someone else takes it.
 - ➡ The financial headwinds are working against you.

When these headwinds are working against you, your path to wealth is nearly impossible. The math is working against you. The system is working against you. And unless you learn how to change your position in the system, it doesn't matter how hard you work—you'll never get ahead. Now, let's examine each headwind in greater detail.

Headwind #1: Taxes – The Penalty for Earning

The first step in winning this game is understanding what the real goal is. What's the purpose of long-term savings? We've said it before, but let's be absolutely clear: The purpose of all long-term savings is income—specifically, passive, retirement income. You're not saving for the sake of saving. You're saving to one day replace your working income with a passive income stream that supports your lifestyle.

So, if the goal of your savings is future income, what's the greatest threat to that income?

If your first thought wasn't taxes, you've likely been conditioned to believe they're just the price of admission. But in reality, taxes are the *single greatest threat* to your future income stream.

Most people accept taxes as unavoidable. But what they often miss is this: when and how you pay them is largely in your control. Get it wrong, and you'll spend more than half your life working for the government—first through taxes on your paychecks, and later through taxes on your retirement withdrawals. But those who get the tax game right understand something powerful: the tax code isn't just part of the money game—it's the cheat code to retire faster.

There are very clearly defined rules in the tax code—designed not just for compliance but for optimization. And if you learn to use those rules, you can legally reduce,

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"Before discovering the Passive Income Machine and the Vault strategy, I was stuck following traditional financial advice—trading time for money and falling far short of my retirement goals. With Money Mastery's help, I've boosted my financial literacy and built a game plan that's generating passive income and moving me closer to my dreams."

— Corey C., California

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indefinitely defer, or even eliminate taxes altogether in a way that accelerates wealth and helps you expedite financial freedom.

In the next chapter, you'll calculate your Strike Number. And when you do, you'll likely discover you're already 30–40% closer to financial freedom than you thought—all because of tax strategy. So how can taxes—your greatest threat—also become your greatest opportunity? It all comes down to one thing: *positioning*.

Let's talk about the elephant in the room: most Americans are told to defer taxes using traditional retirement accounts like these:

- 401(k)s
- IRAs
- 403(b)s
- TSPs (Thrift Savings Plans)
- SEP IRAs or SIMPLE IRAs

These accounts all function the same way: you contribute pre-tax dollars today, and in exchange, you get a tax deduction this year. That feels great in the moment. Your CPA might even pat themselves on the back for “saving you money.” It might feel like a win—but it's not a deduction, it's a deferral. You've just entered a silent partnership with the IRS.

Meet Your Retirement Business Partner: The IRS

Imagine going into business with a partner. Except this partner,

- Contributes nothing to the business
- Takes none of the risk
- Does none of the work
- And still gets to decide how much of the profits they take—after the work is done

That's what deferring taxes really means. When you retire and start drawing income from your retirement accounts, your silent partner—Uncle Sam—shows up with his hand out—ready to take his cut when you can least afford

it. The unsettling part? You have no idea what his cut will be. You don't control the tax rate in the future—the government does. And the CPA who once told you it was a “smart move” won't be there to help you pick up the pieces. Instead of funding your retirement dreams, you'll have to settle up your deferred tax problem first, realizing too late that you didn't save on taxes—you just delayed the pain.

Real Numbers, Real Impact

Let's look at a common example:

- You contribute \$20,000 to a 401(k), deferring taxes at a 30% combined Federal + State rate.
- You “saved” about \$6,000 in taxes this year.

But that \$20,000 grows at 8% annually for thirty years and becomes \$201,253. Then you retire and start withdrawing the money—and now the IRS wants their cut.

- You owe 30% in taxes = \$60,375.
- Your after-tax wealth = \$140,877.
- You deferred \$6,000 in taxes—and ultimately paid \$60,000 to the IRS instead.

The Retirement Tax Myth

You've likely been told, “It's okay to defer taxes now because you'll be in a lower tax bracket in retirement.” But ask yourself, “Is that what I really want?” Because the only way to be in a lower tax bracket is to retire poorer than you are today (and that's only if the government doesn't raise taxes). If that's your plan, maybe it's time for a new plan. If you want to travel, enjoy your life, spoil your grandkids, or simply maintain your lifestyle, your income needs will go up, not down.

And when you combine Headwind 1: Taxes with Headwind 2: Inflation (the insidious hidden tax, which you'll learn about next) the idea of retiring in a lower tax bracket is not just unlikely—it becomes mathematically impossible.

We're not advocating tax evasion. We're not suggesting you cheat the system. But we are absolutely advocating tax intelligence—because tax ignorance is a “stupid tax” that could cost you your retirement.

Headwind #2: Inflation – The Silent Dilution of Your Savings

Inflation is the result of government monetary policy. It's a silent force that quietly erodes your purchasing power—year after year, decade after decade. So whether you're paying taxes directly to the IRS or losing value through inflation, you're still being taxed—just in different ways.

Let's take a closer look.

Reframing the Retirement Question

Let's go back to the question from the last chapter: “How much money do I need to retire?” Only this time, let's factor in inflation.

To maintain a \$10,000-per-month-lifestyle in today's dollars, you'd actually need **\$24,270** per month thirty years from now just to keep the same standard of living.

$$\text{Future Value} = \text{Present Value} \times (1 + \text{inflation rate})^{\text{years}}$$

$$\text{Future Value} = 10,000 \times (1 + 0.03)^{30}$$

$$\text{Future Value} = 10,000 \times (2.427)$$

$$\text{Future Value} \approx 24,270$$

Why? Because even assuming a *modest* 3% inflation rate (and let's be honest—it's usually higher), the cost of living more than doubles every thirty years.

To generate \$24,270/month in future income, that means you would need to accumulate \$7.28 million under the traditional 4% Rule.

1. Future income goal:

$$\begin{aligned} \$24,270/\text{month} \times 12 \text{ months} &= \\ \$291,240/\text{year} \end{aligned}$$

2. Using the 4% Rule:

$$\frac{291,240}{0.04} = 7,281,000$$

Let that sink in.

If you plan for a \$10,000/month retirement, you won't have nearly enough. Inflation doesn't slow down, it *compounds*. Do you see how dangerous inflation really is?

The Year the Rules of Money Changed

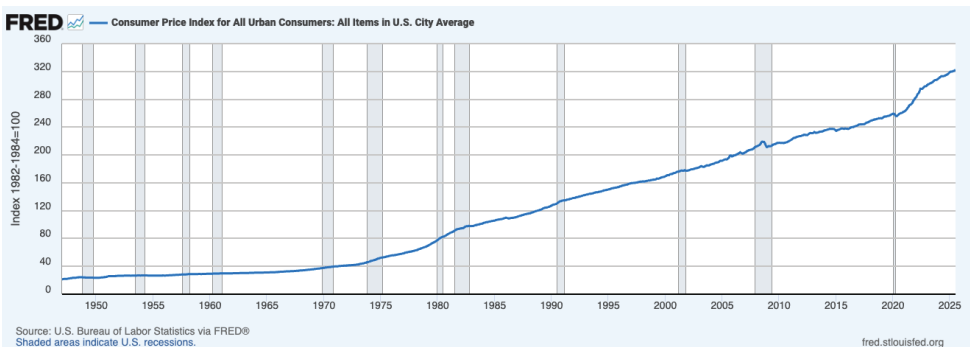
In 1971, the rules of money—and the entire game of retirement—changed forever. But almost no one updated their financial playbook. Most Americans kept saving, investing, and planning for the future as if nothing had happened. And most financial advisors still act like this shift was just a historical footnote.

It wasn't. It was the biggest economic pivot of our time.

Until 1971, the U.S. dollar was backed by real assets—specifically, gold. That meant every dollar printed had to be matched by physical reserves. The supply of money was limited, inflation stayed low, and the dollar held its value over time. Money was a store of value.

Then, in one presidential decision, all of that changed. President Nixon took the U.S. off the gold standard. Overnight, our money was no longer tied to anything tangible. Instead, **money became debt**—issued at will by the government, with no hard limit. From that point forward, the dollar was no longer a representation of value. It was an IOU—backed by nothing but confidence, credit, and future taxation of the American people. And it came with real consequences.

CPI: The Proof of Inflation Since the Gold Standard Ended¹



1. "Consumer Price Index for All Urban Consumers: All Items in U.S. City Average," FRED, July 2025. Source: <https://fred.stlouisfed.org/series/CPIAUCSL>

Look at the chart at the end of the previous page. This is the Consumer Price Index—the government’s own measure of the cost of living. Notice what happens right after 1971. The line takes off like a rocket. What had been a relatively flat cost of living suddenly turned into a steady, relentless climb. This is the birth of modern inflation. Every dollar you saved bought less and less with each passing year.

To understand why this shift unleashed inflation, compare what a dollar represented before 1971 versus after. On one side, money was backed by gold—a store of value. On the other, it became an IOU—debt backed only by promises. The difference isn’t subtle; it’s the foundation for the cost-of-living crisis we still face today.



Inflation Wasn’t an Accident—It Was a Design

Once the gold standard was removed, the government gained unchecked power to print money—funding anything it wanted without needing to directly raise taxes.

And print they did.

Since 2000, the U.S. money supply has exploded. In 2000, money supply in circulation was \$4.6 trillion. By early 2025, it had surged past \$21.6 trillion—a nearly 5× increase in just twenty-five years. And while politicians call it

“stimulus” or “economic relief,” the truth is simple: Every new dollar printed makes all existing dollars worth *less*.

That’s why your grocery bill feels higher. That’s why housing seems unaffordable. That’s why your savings don’t stretch as far. It’s not just inflation—it’s dilution.

The government’s official inflation numbers might say 2–3%, but when you track the actual money supply growth, the real number is closer to 6–7%. That’s not a temporary spike. That’s the cost of a system running on unlimited money printing.

Inflation Compounds—And It’s Crushing Your Future

Just like interest, inflation compounds. Year after year, decade after decade, inflation quietly eats away at your purchasing power—meaning the longer you live, the less each future dollar will be worth. And the longer your retirement lasts, the greater the damage.

This is exactly why savers become losers in today’s game of money: you simply can’t save enough—or earn a high enough return in the market—to outpace inflation. If you’re still saving the old way—in accounts that grow slower than inflation—you’re not building wealth. You’re bleeding it.

As a result, inflation isn’t a distant threat—it’s already here. And if you don’t learn the new rules and position your money to use inflation to your advantage, it will silently steal your freedom, your lifestyle, and your future—one year at a time.

Headwind #3: Interest – A Tool or a Trap

As you will soon see, interest is either your greatest weapon—or your worst enemy. In today’s world where debt *is* money, interest rates are no longer just a financial detail—they’re the cost of access to capital. And how you use that capital determines whether interest works for you or against you.

Unfortunately, most people were never taught this. They remain financially ignorant, stubbornly clinging to outdated beliefs while the world shifts beneath their feet. And so, they fall into the trap.

Banks pay you fractions of a percent on your savings—then turn around and charge 5–30% on your mortgages, loans and credit cards. That spread is how they win. Meanwhile, Wall Street tells you to chase 6–8% average market returns in your retirement accounts while your 18% credit card debt compounds faster than you can invest.

Most people are borrowing like consumers and investing like gamblers. Interest becomes a snare they can't escape. They're lured in by the cheese—monthly payments, “0% APR for six months,” rewards points—and before they realize it, they're trapped in a cage. Now they're trading time for money to pay for things they've already “bought and forgot.” They've become stuck in an interest-rate prison.

It's not the rate that matters. It's how you use the capital. For most, interest rates are a steady headwind—quietly working against their wealth accumulation and leaving them stuck at net zero or even sliding backward. That's why some voices—like Dave Ramsey—have popularized the idea that “debt is bad.” And while that advice might help people avoid consumer traps, it completely ignores the new reality of our economy: our money is debt.

Debt isn't something you can avoid. It's baked into the system. The real question isn't whether you should use debt but whether you'll use it to *empower* you or *enslave* you.

Headwind #4: Opportunity Cost – The Hidden Drain

In a world with infinite options, the greatest cost of all is choosing the wrong one. Every dollar has a job to do. Every choice carries a consequence. But when your money is trapped—locked in a 401(k), buried in home equity, or sitting idle in a savings account—you lose the ability to direct it toward what matters most. And the most dangerous part? You'll never get a statement showing what that money *could have done*.

Opportunity cost is invisible—but it's very real. Every dollar that isn't moving toward a *clear* outcome—aligned with your values, your goals, or your version of freedom—carries an infinite cost: what it *could* have become.

Warren Buffett tells a story from when he was twenty-one years old. He invested \$2,000—20% of his net worth—in a failing Sinclair service station in his hometown of Omaha, Nebraska, and lost his investment. He has obviously recovered from his loss and has learned how to generate an annual 20% rate of return on his portfolio. But he still laments this loss. He calculates that his \$2,000 loss, compounded at 20% over fifty years, could have been \$325 million dollars. Did you get that? His cost of losing that \$2,000 was the lost opportunity to generate 325 MILLION DOLLARS.²

When you invest your money in one thing, you forgo the opportunity to invest in something better. And right now, roughly 67% of all retirement assets are held in tax-deferred accounts.³ That means three major headwinds—deferred taxation, inflation, and now opportunity cost—are working *against* your financial future.

When you choose to put your money in a qualified plan, you're giving up access to it. Like a child whose allowance is locked away “for their own good,” your money is off-limits until you're fifty-nine-and-a-half. And while great opportunities might exist all around you, you can't see them—or seize them—because you don't have access to the capital you need to act.

This makes it nearly impossible to retire early—let alone in ten years or less. Because the real cost isn't just lost returns—it's lost time. You've traded control for deferral, and now you're forced to trade thirty years of your life just to access your own money without penalty.

That's why defining what winning looks like—for you—is non-negotiable. Without it, you're not building wealth. You're just following the herd—reacting instead of deciding, settling instead of creating. You're playing a game designed for *someone else* to win. Money is a tool. And if you don't tell it what to do, it quietly slips away—along with the time, experiences, and freedom it could have created. You lose the life that money could have made

2. Jordan Wathen, “Buffett Hopes His Second Gas Station Bet Works Out Better Than His First,” *The Motley Fool*. <https://www.fool.com/investing/2017/10/04/buffett-hopes-his-second-gas-station-bet-works-out.aspx>

3. “Retirement Assets Total \$43.4 Trillion in First Quarter 2025,” *The Investment Company Institute*, Jun 18, 2025.

possible. And you'll never get a statement that shows you what it *should've* been worth. No do overs. No refunds. Just quiet, irreversible loss.

The question isn't, "What did this cost me?" The real question is, "What did this cost me that I'll never get back?" When you start answering *that* question consistently and intentionally, the entire game of money changes.

Turning the Headwinds to Win the Game of Money

Together, these four headwinds are working against every effort you make to build wealth. It's like the plane example from earlier: you're burning fuel at full throttle, doing everything right, but the journey that should take five hours takes *double*. However, now you understand that the financial system—including banks, Wall Street, and traditional retirement planning is designed for *them* to win—at your expense.

You put your money in the market. Meanwhile, advisors, money managers, and fund companies skim fees off the top. They call it "normal." They win even if you lose. They sell you on average returns and long-term promises. But while your money waits, the four headwinds are quietly stealing your wealth and retirement dreams. Taxes. Inflation. Interest. Opportunity Cost. All relentlessly pulling you backward.

And unfortunately, if you lose the game of money, that means losing the game of life. We live in a world where money isn't optional. Without it, you don't control your time, you don't choose your priorities, and you don't get to live your purpose.

Losing means,

- Less freedom
- Fewer choices
- More stress
- More sacrifice
- Dreams buried under bills and obligations

But it doesn't have to stay that way.

The Pivot Point

The wealthy don't fight these forces. They align with them. It's really that simple. That's what the Passive Income Machine is built to do. It's not a product. It's not a marketing slogan. It's a system—strategically designed to take these same headwind forces that hold most people back and turn them into tailwinds that accelerate wealth.

Let's revisit our example at the beginning of this chapter: Instead of a 100 MPH headwind, what if you could adjust your flight plan so that there was a 100 MPH tailwind—meaning your actual plane speed would be 300 MPH. Your travel time would be only three hours and thirty-three minutes—cutting your projected flight time by a third.

THE ECONOMIC FORCES



IT'S NOT ABOUT WORKING HARDER. IT'S ABOUT REPOSITIONING WITH THE ECONOMIC FORCES.

Similarly, if you can turn your financial headwinds into tailwinds, it will amplify your results and accelerate your path to financial freedom. We'll tell you exactly how to do that in part 2 of this book.

Just imagine this:

- A world where you pay zero tax on your passive income
- A world where inflation works in your favor—growing your wealth instead of quietly destroying your retirement nest egg

- A world where you can access capital like a bank does and make interest rates serve you—not trap you
- A world where every dollar you invest does multiple jobs at once—creating more momentum and more freedom with every move you make

That world already exists. When you understand the rules of money—and you position your investment dollars accordingly—those same forces that once slowed you down begin to propel you forward. And it all starts with a single shift. It all comes down to one word: *alignment*.

This is your invitation. To get what you want, you must walk away from what you have. To create something great, you have to let go of what’s merely good. The bridge you’ll need to cross is simple—but not easy. It means leaving behind Wall Street and the game of “average.” It means rejecting the scarcity-based system that’s designed to trap you and instead stepping into the world of the Passive Income Machine—a world governed by **principles**, **possibility**, and **personal freedom**.

The next sections of this book will lay out the exact, battle-tested strategy you need to take control of your money and build real wealth. Not someday—in the next ten years or less. Once you see it, you’ll never be able to view the financial world the same way again. So, ask yourself one powerful question: “What’s possible for me?”

Ready to See the Forces That Have Been Working Against You?

Inside the Launchpad, you’ll,

- Discover how the game changed in 1913 and accelerated in 1971
- Learn how to legally and ethically flip the four Wealth Forces in your favor
- Gain the clarity to finally stop playing by Wall Street’s rules
- See exactly how to build a game you can win—with cash flow and control

Access the Launchpad now at **www.PassiveIncomeMachine.com/Launchpad** or simply scan the QR code. Don’t just understand the Wealth Forces—harness them.



"It is always darkest before the dawn."

— Seventeenth Century Proverb

4

YOUR STRIKE NUMBER

The Number That Will Set You Free

Reading the first three chapters of this book may have felt like traveling through a dark tunnel. That wasn't by accident. You've been lied to about money and retirement—and we had to expose the illusion before we could introduce the solution. Wall Street has conditioned you to believe that the goal is to grow your net worth, but if your goal is to achieve freedom in ten years or less, the traditional game is not just flawed—it's impossible.

And now that you see the system for what it is, the light will begin to break through. What if the real scoreboard of wealth isn't your net worth—but your *cash flow*, which ultimately brings you time freedom? In this chapter, you'll uncover your **Strike Number**, or how much passive income you actually need to walk away from your job. It's not an unattainable number in the millions. It's a clear, trackable number based on your real lifestyle. You'll learn how to calculate it, why it matters, and why you're likely *far closer* to financial freedom than you might assume.

The Real Scoreboard of Wealth

If money is a game, then where's the scoreboard? Wall Street says it's your net worth—the balance of your accounts, the market value of your home, and the size of your retirement portfolio. They add it all up and give you a number.

If that number is big, you're told you're doing great—you're responsible, successful, maybe even wealthy. If it's small, they tell you to get back to work and send more money into your market-based accounts so that in thirty to forty years, you might have a multi-million-dollar net worth.

Most of us have been blinded by the net worth illusion that overshadows the financial world. It permeates every financial conversation. The vocabulary of Wall Street—"compounding" and "high rates of return" and "asset accumulation"—is supposedly how you achieve a happy "retirement."

Why do you think that financial advisors focus on net worth? Because the scoreboard they're watching is different from yours. Their target is to get your assets under their management. They win when they get you to put your money into the market and leave it there to compound—so they can earn compounding fees! They win whether your net worth goes up or down—they still get their fees! They don't want you to pull your money out, so they tell you to reinvest all dividends and distributions.

But compounding net worth doesn't pay the bills. You can't eat net worth. You'll need to keep slaving away at your job to bring money in the door to afford your ever-expanding lifestyle. You're a hamster on their net-worth wheel.

This is one of the biggest traps in traditional finance. But financial freedom is actually a function of one thing: **time**. More specifically, how much of your time do you own?

If you're like most people, you trade the majority of your waking hours working for money. So, let's run a quick experiment: Let's say your monthly expenses (your "burn rate") total \$10,000, and you have a \$100,000 net worth. Assuming you could liquidate it all instantly, with no taxes or fees, how much time do you own?

Ten months.

That's it. After that, your money is gone—and you're back to trading time for money. That's not freedom. That's a countdown. To become financially free, you must track a relevant scoreboard—one that tells you exactly how close you are to completely owning your time. Financial freedom isn't about a net

worth number. It's about an income system that works even when you *don't*. And that brings us to the only scoreboard that truly matters: **cash flow**. More specifically, passive income from assets that exceeds your monthly expenses. That's the new metric of success—your updated scoreboard.

Passive Income > Monthly Expenses = Time Freedom

When that equation becomes true in your life, you're free. You no longer have to trade time for money. You no longer wake up out of obligation—you wake up with options. Your life moves from being *predetermined* to *self-determined*.

THE FINANCIAL FREEDOM EQUATION



This shift changes everything. Most people chase accumulation. Few ever learn to measure cash flow as their primary metric. But this is the secret the wealthy have always known: **Wealth is not a number—it's a system.** And if your system doesn't produce cash flow, it doesn't produce freedom.

At the end of the day, what really matters is this:

- How much income do your assets produce?
- How consistent and predictable is that income stream?
- How passive is the cash flow?
- And how is that income impacted by the four Wealth Forces—taxes, inflation, interest rates, and opportunity cost?

If the assets you're relying on are being dragged down by these headwinds, they're the wrong assets. Period. In part 2, we'll show you how to identify the right kind—assets that deliver income consistently, predictably, and passively. But first, you need a target—a clear benchmark to aim for.

You need your **Strike Number**.

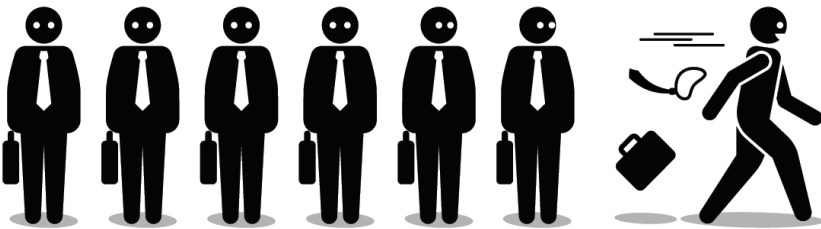
What Is a Strike Number?

Imagine waking up on a Monday morning and deciding that you're not going to work. You've had enough. You're going on strike. That's the power of a **Strike Number**.

Because money's greatest intrinsic value isn't in things—it's in *choice*. More options. More control. More time. A Strike Number is the amount of monthly passive income required to cover your basic living expenses, or your burn rate. This is not luxury, not beachfront homes, and not first-class vacations—just the essentials: A modest lifestyle that keeps the lights on, puts food on the table, and buys you peace of mind.

But most importantly, it buys you **optionality**—The ability to say, “I choose to go to work today—not because I have to, but because I want to.” When your income from assets equals your Strike Number, you're no longer trapped by necessity. You can switch careers without panic. You can take time off without burning through savings. You have breathing room, and that breathing room is power.

This number is your first milestone. The doorway to freedom.



And here's what makes it so powerful: your Strike Number is unique to *you*. Everyone's version of "enough" is different. For some, it's a modest life near the mountains. For others, it's time to travel or care for family. The goal isn't to chase someone else's idea of success—it's to reverse-engineer your own. That's exactly what your Strike Number helps you do.

Many people who read this book will realize they could hit their Strike Number far earlier than they imagined—not by working harder but by building smarter. Because financial freedom isn't just a number—it's a feeling. It's waking up without anxiety. It's knowing the bills are covered—even if you take a break. It's having your monthly expenses paid by income your assets produce—without selling them or drawing down your balance. That's not just math. That's peace. And as you're about to discover—it's closer than you think.

How to Calculate Your Strike Number

Your Strike Number is built on your essential living expenses. This isn't your dream life. It's the minimum you need to survive, keep your head above water, and buy back your time.

Here's how to calculate your Strike Number. Begin by listing the following monthly costs:

- housing (rent or mortgage)
- basic food (groceries—not dining out)
- utilities (power, water, trash, internet)
- insurance (health, auto, home/renter's)
- basic transportation (fuel, car payment, or transit pass)
- minimum debt payments (credit card minimums, student loans, etc.)
- essential subscriptions (only what you truly need to function)

Add these up. Be honest. Be lean. This is not your lifestyle budget. It's your freedom floor—the number that lets you say, "I don't have to work this month, and I'll be fine." Write this number down. This is your Strike Number.

If your passive income equals or exceeds this number, you can walk away from anything that no longer serves you. That kind of choice isn't about luxury. It's a doorway into a better version of you. When financial stress disappears, something incredible happens: Your relationships improve. Your health improves. Your ability to be present, to connect, to lead, to love—all of it expands. It's not just your finances—it's your focus, your presence, your connection with the people who matter most.

The Day Everything Changed

Ryan Lee

Back in chapter 1, I told you half of my story—the part where I lost over 70% of what I had saved just four years out of college. That was a wake-up call, but it wasn't the one that changed my life. Because the real loss didn't happen in my brokerage account. It happened in my home and in my heart.

And it nearly cost me everything that truly mattered.

At the beginning of Bethany's pregnancy, things seemed to be going well for me on the outside. Bethany was glowing—but I was panicking. When she first told me she was pregnant, I remember smiling like everything was fine—then walking calmly into the bathroom, shutting the door, and collapsing to my knees.

I prayed, *God, help me be enough. Enough of a man. Enough of a husband. Enough of a provider.* I had never felt the weight of responsibility like that before. Have you ever felt that shift? That moment when life goes from carefree to anxiously and carefully calculating how you're going to provide for the people you love?

And that's when I made a new commitment: I still wanted to retire early, but now I was also focused on being a good father and provider. I would do whatever it took. I'd climb the ladder. Make more. Save more. Retire early. It wasn't about getting rich—it was about having more options with money so I could buy my life back. And for a while, it worked. But with every raise came

a new cost—an opportunity cost: More responsibility. More stress. More time away from the people I loved.

At first, the tradeoffs were small, like skipping TV to work late and traveling a little more. But then it turned into nights—then weekends—then whole weeks away from home. Eventually, I was living in a different state from my family—flying out on Sundays, catching red-eyes home on Fridays, and cramming a week’s worth of life into a single exhausted Saturday.

And I told myself, “It’s temporary. Just until I have enough. One day soon, I’ll buy my life back and retire early.”

Then we got more news: Our newborn son, Doug, had a heart defect. The doctors said it wasn’t immediately fatal—but it could become that way. We monitored him closely and hoped the holes in his heart would heal on their own.

And while we waited, I continued burying myself in work. I thought that if I just pushed harder now, I could buy back time later. But later never comes the way you think it will.

One day, I got a call from Bethany. Her voice was shaking: “Doug needs emergency open-heart surgery.”

In that moment, everything stopped. I flew home immediately. I spent the next several weeks by Doug’s side in the hospital. And as I sat there, watching my son recover, I took a hard look at my life: *What am I doing? What am I chasing? And what am I trading to get it?*

This all happened shortly after I had lost everything in the market. I was already awake to the fact that my financial path wasn’t working—but now, something deeper clicked. I wasn’t just losing money. I was on the verge of realizing what it might have *really* cost me to keep playing a losing game.

I had spent five years trading my presence for bigger paychecks and told myself I was doing it *for* my family. But now I realized I could lose the very people I had convinced myself I was working so hard for.

That hospital room became my wake-up call. I had been gambling with my future in the market, but now I realized that I’d been gambling with something even more precious—and I was losing.

As I pushed my little son Doug through the halls of the children's hospital in a wheelchair—tubes connected to his tiny body, monitors quietly tracking the rhythm of his freshly patched four-year-old heart. Tears streamed down my face: tears of gratitude that he was alive; tears of regret for how much I had missed... and how close I had come to losing it all.

And in that moment, I made a new vow: *I will never again trade what matters most for what matters least.* I still wanted to be free. I still wanted to escape the corporate grind. But from that moment on, I committed to building freedom differently. I would no longer chase early retirement at the cost of my family. I would still pursue financial freedom—but this time, with clarity, intention, and alignment. Not someday. Not “when I have enough.” But in a way that allowed me to be present *now*.

Over the next few weeks, as my son recovered, I put my corporate life on hold. I unplugged and started reevaluating everything. I did a full inventory—of our finances, my lifestyle, and my values. And I realized I couldn't keep making these tradeoffs. But I also couldn't just walk away. We had medical bills, a growing family, and I was the sole provider.

So, I started searching for another way to win the game without losing everything that mattered.

That's when someone handed me a copy of *Rich Dad Poor Dad*. It cracked open my belief system. I suddenly saw the world of money differently. Doug's surgery had come just months after the 2008 market crash—and the book confirmed what I was starting to suspect: I was playing a losing game. Everything I thought I knew about money was wrong.

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"I've been on this path for over four years, and the Passive Income Machine has completely transformed my perspective on money and mindset. I no longer stress about changes in my job, the market, or the economy because I have a clear path and a solid foundation. I'm beyond grateful for the Money Mastery community, where we help each other thrive on this amazing journey."

— Joe R., Utah

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But even with this new awareness, I was still confused. If the traditional path didn't work—what did?

Then I found the book that gave me the answer: *Creating Wealth* by Robert G. Allen. What caught my attention was actually the subtitle: “Retire in ten years using Allen’s seven principles of wealth.” That was radically different from simply hoping to retire early. That felt outrageous. Audacious. It shook something loose inside me. I wondered, *Could that actually be possible?*

Until that moment, it hadn’t even occurred to me that I could become financially free in a decade. I thought that was something for *other* people—wealthy people, lucky people, “finance” people. But the moment I read chapter 4, “Launching Yourself into Financial Self-Reliance,” something shifted. For the first time in my adult life, I saw a path to take control of my money—and my life. It was clear, predictable, and actionable. And I knew this about myself: if someone could give me a proven system with a defined timeline—I could follow it.

As I read the book, it didn’t feel like theory. It felt like a playbook—a step-by-step way to implement the paradigm-shifting ideas I’d just discovered in *Rich Dad Poor Dad*.

Then I got to chapter 4—and there it was: “Buy two single-family homes a year for ten years. Retire with positive cash flow for life.”

That was it—the answer I’d been looking for.

Robert’s book didn’t just inspire me. It rewired me. He painted financial freedom as something *simple* and *attainable*—if I followed the right strategy. And the way I saw the world of money and investing changed the moment I believed it was possible. I started seeing opportunities everywhere—ways to buy assets that paid me little streams of income.

That shift changed the lens I saw the world through. I began attracting tools, relationships, and ideas that aligned with my new goal. I started seeing opportunities where I once saw roadblocks. For the first time, I didn’t feel stuck—I felt equipped. I stopped putting my money in the market. I cashed out my brokerage account, paid the fees, and committed fully to a new strategy. I tried to access what was left in my 401(k)—but that experience only confirmed what I was starting to believe: The money in my 401(k) *wasn’t* really mine. It was Wall Street’s.

As long as I stayed employed, I couldn't touch it. And even if I could, I'd pay heavy penalties and taxes just to access my own savings. What a wake-up call.

So, I took what I had left after the 2008 meltdown—along with every new dollar I saved—and started implementing the *Creating Wealth* strategy: buying simple, single-family homes; renting them out, and building income that worked whether I did or not.

Between 2012 and 2016, I bought seventeen properties. It wasn't easy. I made mistakes. And I needed to adapt Robert's method to my own reality as a busy corporate executive—which required some radical rewiring of his basic system. (I'll explain this further in later chapters.) But step by step, I built something real. Then everything came full circle.

I was still working, but I had stopped chasing promotions. I was spending more time with my family. One day, my boss, Mark, sat me down and said, "Ryan, we've got a new opportunity for you." It came with a \$10,000 raise—and a massive new territory: all of Colorado and parts of New Mexico, South Dakota, and Wyoming. Which meant one thing—*going back on the road*. More travel. Less time at home. And I'd been there before. I *knew* the cost of that kind of raise.

But this time was different.

Even though Mark was positioning it as a promotion, I could see through it. It was only four years after the 2008 crash. Companies were still recovering, tightening budgets. I knew our company had just gone through a round of layoffs. This wasn't a reward—it was a redistribution of responsibility disguised as a promotion.

But sitting in front of Mark as he droned on about the opportunity, I tuned out. Because in my mind, I was doing the math. I started envisioning the little portfolio of single-family homes I'd built over the last four years—and I began pairing each property's cash flow with a line item from my monthly budget: *This one covers the car payment. That one covers groceries. These take care of the mortgage. A few more cover the rest of our bills.*

As Mark kept talking—about how lucky I was to still have a job and what a great opportunity this was—I kept running the numbers. Over and over again.

And then it hit me: I didn't *need* this job anymore. I had enough cash flow to cover our basic lifestyle. Not a lavish one—but enough. I had hit my Strike Number: \$5,700 a month.

I wasn't rich—but I was free.

My mind refocused as Mark finished his pitch and smiled: “So, are you ready to take on this new challenge?”

I looked him in the eyes and said, “I quit.”

He was stunned. And to be honest, so was I. The moment the words left my mouth, I couldn't believe I'd actually said them. For a split second, I wanted to grab them out of the air—pretend it didn't happen. But almost instantly, the shock gave way to something else: A wave of relief washed over me.

Mark tried to talk me out of it. He offered me more money. But I was done. I walked out of that office, called Bethany, and said, “I just quit.”

She didn't even hesitate: “Ryan—it's about damn time.”

That was the moment everything changed. I had found a new way to play the game of money and life—on my terms. And for the first time, I wasn't just surviving the game—I had won. I wasn't measuring success by net worth anymore. I was measuring it by cash flow from passive income that showed up whether I worked or not. And by something even more valuable: Time freedom. Family. Presence.

That's what real wealth looked like to me now. And I haven't stopped sharing this message since then.

You're Closer Than You Think

As we've already shared, you don't need a million dollars to become financially free. You just need an investment system that produces the right kind of income—spendable, reliable, consistent cash flow.

Your Strike Number gives you clarity. It tells you exactly how much income you need from your assets to walk away from your job, your business, or any other source of income you have coming in right now—and breathe. Because once your passive income exceeds your burn rate, you unlock the one thing most people never get when it comes to money: *choice*.

Let's walk through a quick example to show you just how close you really are to freedom—when you use the right data to measure your progress.

Say you earn \$120,000 per year—that's \$10,000 per month. Sounds solid, right? Wall Street's scoreboard would tell you that you need \$3,000,000 in net worth to safely withdraw \$120,000 per year.

But let's look at it from a different angle: \$10,000 is your **gross income**—not what hits your bank account, and not what you actually live on. To understand your real financial needs, we have to determine one thing: How much money are you losing every year to taxes, retirement savings, and job-related expenses?

Step 1: Subtract Taxes

First, let's take out the biggest destroyer of wealth: taxes.

If you're married filing jointly, your \$120,000 annual income currently puts you in the 22% federal marginal tax bracket. But federal income tax is just the beginning. You're also paying for the *privilege* of earning a paycheck.

Here's what that looks like:

- **Employment Tax (7.5%):** – \$9,000 (If you're self-employed, you pay both sides—for a total of 15%.)
- **Federal Income Tax:** – \$14,900
- **State Income Tax (5%):** – \$6,000 (This varies by state—5% is a conservative average.)
- **After-tax income = \$90,100**

That's \$30,000 *gone* before a single dollar lands in your account. In the next section, we'll show you how to *legally eliminate* most, if not all, of this tax burden. (Just wait—it's incredible.)

Step 2: Subtract Retirement Contributions

If you're serious about buying back your freedom and owning your time, then you're probably doing what you've been told is "responsible"—saving at least 10%, maybe even 20%, of your income for retirement.

That's a good instinct. But where that money goes—and how it works for you—makes all the difference. In the next section, we'll show you how to redirect your savings into the **Vault**—a far more powerful and flexible vehicle for building wealth. For now, we'll leave *where* your savings go aside and simply assume you're setting aside 20% of your after-tax income.

- Retirement Savings (20% of \$90,100): – \$18,000
- Remaining spendable income = **\$72,100**

You're doing the right thing. You're saving for your future. But notice—before we even get to your everyday life expenses, your "real" income has already dropped significantly.

Step 3: Subtract Job-Related Expenses

Now we deduct what it costs just to have a job—things like commuting¹, on-the-go food expenses, wardrobe², and childcare³ to name just a few. When you add these totals up, the average couple with children spends close to \$30,000 per year on expenses associated with work. This is money that you wouldn't be spending if you weren't working. To be conservative, let's say yours are only \$12,000.

1. "How Commuting into the Office Affects Your Budget," Old Plank Trail Community Bank, <https://www.oldplanktrailbank.com/articles/2022/06/how-commuting-into-the-office-affects-your-budget.html>

2. Jamie Cattanaach, "You're Spending \$3K a Year on This... And You Probably Don't Even Realize It," *The Penny Hoarder*, <https://www.thepennyhoarder.com/save-money/going-to-work-costs/>

3. "2024 Annual Child Care Landscape Analysis," ChildCare Aware, <https://www.childcareaware.org/price-landscape24/>

- $\$72,100 - \$12,000 = \$60,100$
- The net spendable income you still have access to after taxes, retirement, and job-related expenses is \$60,100 per year or just *\$5,008 per month*.

This Strike Number calculation bases your number on your current income rather than your monthly burn rate (minimum expenses) alone. Looking at it this way, it shows that you don't actually need to replace \$120,000 per year with passive income to achieve your financial freedom—you only need \$60,100, or \$5,008 per month. That sounds much more doable than building a \$3,000,000 nest egg on Wall Street only to achieve your goal with far more stress and uncertainty decades later, doesn't it?

Think about this: If you woke up tomorrow and had an income stream coming in—not to make you rich, not to fund a beachfront lifestyle, but just to maintain your current way of life—how much would you really need? You'd have no obligation to clock in, and no pressure to keep saving for the future. There would be no taxes draining your paycheck for the *privilege* of working in the United States.

If you had just \$5,008 per month in passive income—you could go on strike. You could walk away from your job. You could pivot. Take time off. Say “yes” to life and “no” to burnout. This isn't about luck or lottery tickets or waiting thirty years. It's about reverse-engineering your freedom. Let's review the simple formula:

- Know your true monthly burn/net spendable income
- Build a system that replaces it with passive income

With that clarity, you're likely realizing something radical: You're not decades away from retirement. You don't need \$3,000,000. You just need a system that deposits \$5,008 into your account each month. And when you

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 “The Money Mastery program has been a true life-changer. I've learned how to invest wisely, break free from market dependence, and build a clear long-term plan for financial freedom. The confidence I now have in making financial decisions—and the support of this incredible community—are truly priceless.”

— Lanca C., Massachusetts

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use the **right scoreboard**—cash flow, not net worth—you’re already **50% closer** than you thought.

We haven’t changed anything except your lens. We’ve focused on the only number that actually matters: net spendable income, also known as your Strike Number.

And that’s the number that sets you free. Because real freedom isn’t found in someone else’s definition of success. It’s found in clarity—knowing *what you want* and building your life around it.

This isn’t theory. It’s math. If your passive income exceeds your burn rate, you’ve got options. This may not buy the beachfront property you’ve been dreaming of yet, but it buys something far more powerful: **optionality**. The power to say,

- Yes—to time off
- Yes—to a new opportunity
- Yes—to more time with your kids or aging parents
- And no—to a “promotion” you know is really a death sentence. (Sorry Mark... but I still quit.)

This is the power of the Strike Number. And now that you’ve found yours, let’s explore what comes next: the Three Levels of Freedom.

The Three Levels of Freedom

Here is one critical distinction between the retirement game governed by net worth and the financial freedom game governed by cash flow: Financial freedom is a *lifestyle*—not a *destination*.

Think about what you’ve learned so far. In the Wall Street version of the game, you’re taught to sacrifice your time at the altar of someday. You give up



the best days, months, years and ultimately decades of your life playing a game that most people are losing—and you don't even find out you've lost until it's too late.

But now you know that retirement is not the goal—*income* is. How much spendable income can your assets actually produce? Remember—that's the question Wall Street never wants you to ask, but once you *start* asking it, the entire game changes. The scoreboard shifts from *someday* to *now*. From accumulation to cash flow. From waiting to living. Because when you build your wealth around cash flow, you don't have to wait. You can adjust your lifestyle as you grow. You can step into freedom one level at a time.

And once you learn how to turn your money into income-producing assets—and you understand the formula **cash flow > expenses**—you can move through the levels of freedom *intentionally*.

Want to travel more? Stay longer? Give more? Drive the car? Own the house? Great. But do it consciously. Build the cash flow first. *Then* increase your spending. Let your assets and the income they produce fund your lifestyle, not your future.

That's freedom. That's integrity. Because once you hit your Strike Number, your basic needs are covered, and you get your first taste of what it means to own your time. To be free. And with that freedom comes responsibility—the responsibility to stay in alignment.

If you want to raise your burn rate—say by \$2,000/month—you don't just swipe the card and figure it out later. You first increase your cash flow. If that means going back to work, investing more, or delaying gratification while you scale your investment system, that's okay. But make the tradeoff *consciously*.

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 "The more discipline you have in your life,
 the more freedom you will have."

—Jocko Willink

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You're finally awake. You see the truth now. Money is time, and you're no longer giving it away blindly. Freedom is a lifestyle of *conscious choice*.

I (Ryan) have chosen to raise my monthly expenses multiple times since walking away from my job at my Strike Number. Today, my lifestyle burn rate is *five times higher* than it was the day I looked Mark in the eye and said, “I quit.”

I now travel six to eight weeks out of the year. I’m actively crossing items off my bucket list *with my family*. One of my core values is adventure, and one of my favorite ways to use my Passive Income Machine is to fund wild, unforgettable experiences that create lifetime memories. We built our dream home—a massive shift in our monthly burn rate—and we give more than we ever did before.

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“The Passive Income Machine has shown me the power of smart leverage and completely redefined how I think about money. Now my dollars work harder—earning in multiple assets at once—and my houses are even having babies!”

— Chad O., California

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But here’s the difference: With every level of increased spending, I’m not stressed. I’m not stuck. I’m not trading my time to keep up. I did the work. I made the tradeoffs. And I built the system that could support life at increased levels of abundance—before stepping into it. I’ve

been free for over a decade, and I will never go back.

Doing this does require discipline, but that’s a small price to pay in exchange for freedom. The game of financial freedom has levels. And your journey over the next ten years will move through them. You’ll learn more about how to consciously scale in chapter 12. But for now, here’s the roadmap:

The Three Levels of Freedom

- 1. Strike Number** – Your basic needs are covered. You have choices. You can walk away. You own a slice of your time.
- 2. Financial Independence** – You’ve replaced your current lifestyle. You’re living comfortably. You own most of your time.
- 3. Full Financial Freedom** – You’ve elevated your income to fund your ideal life—without sacrificing freedom. You own all your time and choose how to spend it.



At **Level 1**, you can breathe. At **Level 2**, you can thrive. At **Level 3**, you expand—but only after you earn it. Most people upgrade their lifestyle with their paycheck. *You* will upgrade yours with your cash flow.

This is what it means to live free. And now you know how to play the game.

Ready to Find Your Strike Number—and Act on It?

You just discovered the single most important number in your financial life: your **Strike Number**. But knowing your number is just the beginning.

To help you go deeper, we've created the Launchpad, where you can,

- Watch step-by-step demos on how to calculate your Strike Number
- Learn how to build the cash flow to hit it
- See real examples of people who achieved freedom in ten years or less
- Enjoy the support of a community of thousands of freedom seekers just like you



Access your free course now at www.PassiveIncomeMachine.com/Launchpad or simply scan the QR code. Don't just know your number—act on it. Your launch begins here.

CONCLUSION TO PART I

Escaping the Broken Financial System & Crossing the Bridge to Freedom

You've made it through Part 1. You've just learned the truth about the world most Americans are trapped in—the conventional world of money governed by Wall Street. But if you're still reading, then you already know—you're not like everyone else. Most people will keep playing the retirement game. They'll keep chasing net worth and hoping for the best. They'll keep handing their time, money, and dreams over to a system that isn't designed to set them free.

But hope is not a strategy. And dependence is *not* freedom.

Now, you're standing at the edge of something different. A new world—a better one where financial freedom isn't something you *wait* forty years for but something you *build* in ten years or less. You've started a journey on a different path. Because financial freedom is not a theory. It's not for the lucky few. It's a system you can build. In the next section, we'll show you exactly how to do it. If you're serious about owning your time, your money, and your results—this is your invitation to step into a new possibility.

We call it the **Passive Income Machine**®—a simple, scalable framework for creating streams of income that replace your paycheck and buy back your time. But you can't have one foot in both places. You can't straddle the bridge. To reach your goal, you must leave behind the noise and confusion of traditional finance and cross the bridge. You must stop gambling and start investing. You must rise up, take control, and move your money off Wall Street. The bridge is narrow, but the view is worth it.

Because on the other side, you'll find an entirely different game of money and new possibilities. You'll find an economy governed by ownership—ownership of your money, your results, and your time. You'll find opportunities to invest in real assets that produce the one thing that truly matters: cash flow. And most importantly, you'll find freedom. Because when you cross the bridge and leave Wall Street behind, you're doing more than reallocating assets—you're reclaiming your power. You're choosing to use money as a tool—not just in hopes of retiring in scarcity “one day,” but to build and live a life that matters *today*.

Let's cross that bridge together.



PART II

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DESIGNING YOUR PASSIVE INCOME MACHINE®

How to Achieve Financial Freedom in
10 Years or Less

"The opposite of courage in our society is not
cowardice, it is conformity."

— Rollo May

5

WELCOME TO THE BRIDGE

The Path to Financial Freedom

Now you're traveling across the bridge. You're ready to walk away from the traditional financial game and step into a revolutionary one—a game governed by the new rules of money, rooted not in dependence but in independence and possibility. To achieve financial freedom in ten years or less, you must begin building your Wealth Outside Wall Street (WOWS). You can't stand in both financial worlds at once, but once you're over the bridge and on this path, you'll gain control, create cash flow, and unlock the real freedom you've been seeking.

Keep fresh in your mind why you left the old money world because you'll be tempted or encouraged to go back to those prevalent beliefs. It's almost impossible to ignore them. It's a cult with distinct dogma that's faithfully followed by die-hard fans. The clergy of this cult are everywhere. They have fancy, professional sounding titles like "investment advisor," "asset manager," "fiscal consultant," "financial planner," and "fiduciary."

Most people you see driving to and from their jobs every day are drinking this cult Kool-Aid. But you've decided to cross the bridge. Do you have the courage to keep moving when almost everyone you know is traveling in the opposite direction? When people look at you like you're crazy? When people

tell you your system is too unorthodox, too hard, too risky, or too complicated? That you’ve got all your eggs in the wrong basket?

Don’t Be Afraid to Become an Empire Builder

Robert Allen

I vividly remember promoting my new book *Creating Wealth* on the famous *Merv Griffin Show* in Los Angeles many years ago. Merv Griffin, the creator of the shows *Jeopardy!* and *Wheel of Fortune*, was mega rich. Since my book was called *Creating Wealth*, he could hardly wait to pick my brain about my latest Wall Street hot-stock tips to share with his audience.

I told him that I had *zero* money on Wall Street. He looked at me like I was nuts—as if I was speaking French, and he was speaking Chinese. But Merv, himself, hadn’t created his wealth on Wall Street. He had created massive streams of income from multiple entertainment businesses and real estate. My message to his audience was not meant for wealthy people like Merv but to beginning wealth creators—people we call Empire Builders.

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“Thank you to the amazing Money Mastery team for helping me do things differently! I’ve seen older family members follow the traditional wealth path—yet end up with no control, no clarity, and constant worry about retirement. I refuse to live that way.”

— Kayla D., Nevada
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Empire Builders use a totally different vocabulary than Wall Street net-worth accumulators. Here are some of the differences you’ll observe while talking to your Wall Street Wealth (WSW) friends at the water cooler at work:

- They talk about net worth. You talk about cash flow.
- They talk about diversification. You talk about concentration.
- They boast about their sexy portfolio of stocks. You share about your boring cash flow streams and the sexy life it allows you to live.
- They talk about passively investing in equities. You talk about actively building passive income.

- They worry about volatility. You share the genius of stability.
- They worry about the enemy of inflation. You explain how inflation is making you rich.
- They complain about taxes. You share that your tax bill is almost *zero*.
- They worry about the shrinking of their net worth at retirement. You explain how your wealth—your assets and your cash flow—keep increasing, not decreasing, in retirement while also providing tax-free income for life.

You're on totally different sides of the bridge using totally different systems with completely different language. So don't be surprised or alarmed when the people around you don't fully understand your new path.

The mission of the Passive Income Machine is simple: financial freedom in ten years or less, regardless of your age, income, or experience. And we're going to achieve this not through luck, guessing, or decades of sacrifice—but through an investment system designed to create six figures (or more) of tax-free income for life. From this point forward, ten years is the new standard. That's our measuring stick. That's our goal.

So, lock that target into your sights. You won't have a volatile portfolio of stocks and mutual funds. You'll have a steady, safe portfolio made from streams of income in ten years or less.



WALL STREET WEALTH (WSW)	WEALTH OUTSIDE WALL STREET (WOWS)
Equity Accumulators	Empire Builders
Cult of the Average	World of the Outlier
Time + Compound Interest	Smart Leverage and Cash Flow
30 to 50-year Timeframe	10 Years or Less
Goal: Net Worth	Goal: Passive Cash Flow
Inflation: Enemy	Inflation: Ally
Progressively Higher Taxes	Low / No Taxes
Low Financial Intelligence	High Financial Intelligence
Mutual Fund Speculation	Investing in Assets for Income
Volatility = Risk	Stability = Power
No Wealth Protection	Full Wealth Protection

It may feel daunting at first, but many people have successfully crossed this bridge before you. Even Robert Kiyosaki, whose own financial books have

sold over forty million copies told me that, like Ryan, he read my book *Creating Wealth* at the beginning of his career. He gave the book to his wife, Kim, and told her to start the *Creating Wealth* plan of buying two properties per year. She bought their first twenty properties in less than two years. Thirty years later, they had acquired over six thousand properties with massive cash flows.

Leverage: Your Bridge to Freedom

The bridge that crosses from the WSW to the WOWS world is called leverage. Leverage is speed. If you want to shorten the time to financial freedom from forty years to ten, you absolutely, positively must acknowledge the power and necessity of leverage. In today's economy, leverage isn't optional—it's essential.

What do we mean by leverage? Leverage is borrowing “other people's money,” or OPM. If you're adverse to borrowing long-term money to accelerate your investment returns, then a ten-year plan won't work for you. Now, before you get hung up on the word “borrow,” let's be clear: you're not recklessly taking loans from family or friends. Instead, you'll be tapping into capital from banks and insurance companies—institutions that are eager to lend under the right terms to help you accelerate your wealth building.

Leverage isn't just about accelerating investment returns—it's about creating tax-free income. As you'll soon see, the wealthy understand something about leverage that traditional financial gurus simply don't. Leverage doesn't just amplify returns; it's the hidden mechanism in the tax code the rich use to increase their income while systematically lowering their taxes.

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“After years of trying traditional investments with no control and constant disappointment, I discovered the Vault and finally had a plan that worked. Now, my wife and I are building toward financial freedom in ten years or less. We're able to help others more, visit our kids and grandkids, and leave a legacy of both wealth and financial education. I'm deeply grateful for the Passive Income Machine and this community for showing us the way.”

— Jeff W., New York

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One of the most revealing moments about how the wealthy think came during the 2016 presidential debate between Donald Trump and Hillary Clinton. The exchange was tense—full of jabs, accusations, and insults. But at one point, Hillary pulled out what she clearly thought was her knockout punch: She accused Donald Trump of not paying any taxes.

Now, stop and think about that.

For most Americans, paying taxes feels like a patriotic duty—non-negotiable. If you don’t pay, it’s assumed you’ve committed some form of fraud. Surely, not paying taxes would disqualify someone from becoming president—right?

But Trump didn’t flinch. He leaned into the microphone and calmly responded, “That makes me smart.”

Whether you love him or hate him, that one line revealed something Wall Street and traditional retirement planners don’t want you to know: There’s a different set of rules for those who understand leverage. That’s what this process is really about—being smart with your money. It’s about learning the rules of the game and then using those rules to win.

Leverage is your key to financial freedom. But leverage must be wielded with prudence.

Smart Leverage

Leverage is the great force multiplier. It’s the difference between a system where one dollar does the job of one dollar and a system where that same dollar does the job of *five*. This results in a 400% increase in productive power—not from gambling, but from applying leverage intelligently. In a leveraged system, your dollar is amplified—positioned to do multiple jobs at once. And that’s the secret to collapsing time.

- **Wall Street:** You invest \$1. You hope it grows.
- **Passive Income Machine:** You contribute \$1. It’s structured for efficiency, and \$5 of working capital is deployed on your behalf.

In chapter 9, we’ll take a deeper dive into how leverage activates the Wealth Forces we discussed in chapter 4—turning them into tailwinds instead

of headwinds. But for now, understand this: Wall Street doesn't teach leverage—they teach *dependency*.

The Difference Between Those Who Win & Those Who Struggle

If you listen to financial advisors like Dave Ramsey, they'll tell you that leverage is dangerous—that debt is the enemy, and that financial freedom comes from avoiding it altogether. But this idea removes all personal responsibility.

Leverage *isn't* risky when it's done right. It's how the wealthy, the banks, and even governments have built and preserved wealth for generations. It's not magic. It's math—applied through a system.

Leverage is neutral. It's not good or bad. It's not dangerous or safe. It's a tool. It will take you wherever you wish, but it will never replace you as the driver. There is no such thing as a risky *investment*—only a risky *investor*.

The question is not whether leverage works—the wealthiest individuals, businesses, and institutions on the planet have proven that it does. The one common denominator among those who have amassed great wealth and achieved big financial results in a short period of time is leverage. It's undeniable.

- Banks use leverage to lend money and collect profit on the spread.
- Wall Street uses leverage to multiply returns for institutional investors.
- The government uses leverage to fund programs and shape economic policy.



But most advisors and experts tell the average person to avoid it at all costs—to stay small, to stay limited, to remain financially powerless. Why? Because they’re using it for themselves. Banks, brokers, and fund managers are leveraging your money to build their wealth first before handing you whatever’s left over. And their system is working—but only for them.

The only way to escape this trap is to increase your financial intelligence and decide whether you will *master* leverage or remain *afraid* of it. If you are irresponsible, uninformed, or emotionally driven, leverage will expose your weaknesses. If you are calculated, strategic, and financially intelligent, leverage will multiply your strengths. This is why financial education is non-negotiable.

Instead of fearing leverage, learn to wield it powerfully. Become the person who understands and controls it. When you do, your wealth will grow faster than you ever imagined possible.

In the coming chapters, we’ll show you how to use leverage with precision—combining it with structure, safeguards, and intelligence to accelerate your freedom without compromising your peace of mind.

But for now, remember this: The Passive Income Machine isn’t about doing more. It’s about doing the right things—with leverage. It’s not speculation. It’s not guesswork. It’s a proven system—and it works.

Now let’s take a look under the hood and show you how the Machine actually runs.

The 3 Gears of the Passive Income Machine®

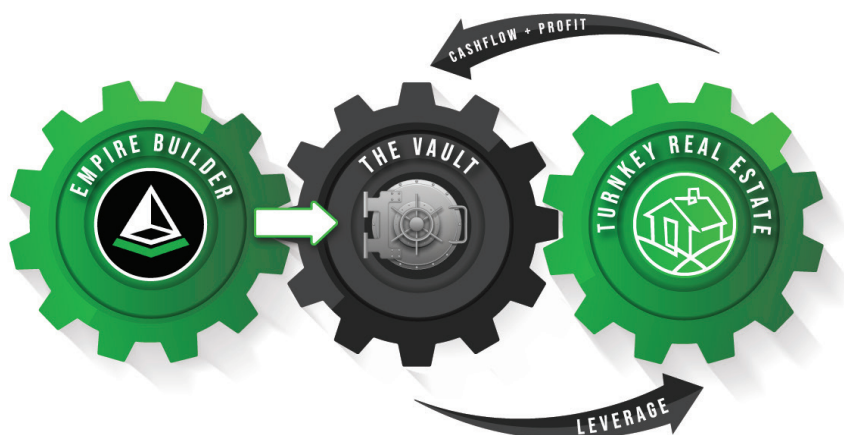
Financial freedom isn’t about betting big. It’s about creating a machine that works. And the Passive Income Machine has three essential gears:

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“In just two years of learning about the Passive Income Machine, we now have two Vaults, uninterrupted compounding, and liquidity—it’s been a game changer. We’ve used our policies to close on multiple rentals and other assets that now generate income poised to exceed our basic expenses. Knowing our family is protected and financially secure, regardless of our W2 incomes, is incredibly liberating.”

— Melinda M., California

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Gear 1: You — The Driver of Wealth

Wall Street told you to outsource your future, but financial freedom requires stewardship over your money and ownership over your results. It requires you to think and operate like an Empire Builder—someone who thinks in decades but acts with urgency, clarity, and purpose today.



Gear 1 is about taking control. It's where you begin repositioning how you manage, save, and direct your money with precision and intention. This step is where you,

- Build a disciplined investment savings habit
- Strengthen your financial IQ in order to use leverage successfully in gears 2 and 3
- Begin to rewire your financial identity

Your actions drive the Machine. Gear 1 teaches you to think like an investor, pay yourself first, and run your money like a business—with you as the CEO. You don't need more effort. You need better direction—and the conviction that your future doesn't belong to Wall Street. It belongs to *you*.

Gear 2: The Vault — Your Wealth Staging Ground

Where do the wealthy stage their money before it goes to work? Not in banks. Not in 401(k)s. They use a little -known asset that quietly combines protection, growth, liquidity, tax elimination, and control.



We call it the **Vault**—a specially designed, over-funded, whole-life insurance policy with maximum cash value and minimal death benefit. Now, before you tune out—don’t let your preconceived beliefs stop you. This is not the kind of life insurance you think it is, and we’ll tell you all about it when we discuss gear 2 of the Passive Income Machine in chapter 7.

In fact, most people who’ve criticized life insurance as a wealth strategy are the same people who benefit when you keep your money locked inside Wall Street. When you discuss this topic in the financial world, you may hear phrases like, “Buy term life insurance, and invest the difference.” But these ideas are designed to keep you believing that insurance is a necessary evil—something to buy cheap while you blindly speculate in the market.

Do you see why you must become an outlier? The Vault is how the outliers win. And don’t worry—you’re in good company.

Why do you need the Vault? Because it allows you to,

- Eliminate risk from your financial equation and safeguard your wealth
- Grow your capital tax-free
- Unlock strategic leverage through access to a private line of credit
- Keep your money compounding uninterrupted, even while it’s deployed elsewhere

This is the foundation of dual compounding and uninterrupted leverage—a strategy the banks, Fortune 500 companies, politicians, and the ultra-wealthy have quietly used for decades.

Your Vault becomes the engine of your wealth—the capital reservoir that powers the Passive Income Machine. And, as you’ll learn in chapter 12, your Vault will become the source of your future tax-free income.

Gear 3: The Wealth Accelerator — Multiply with Precision

This is where your money goes to work—not in hope-based markets, but in income-producing assets engineered to generate consistent, predictable cash flow. In the Passive Income Machine, that asset is **turnkey real estate**. This is the kind of real estate with the following attributes:



- Professionally acquired, improved, and managed
- Inflation enhanced
- Positive cash flowing
- Strategically leveraged for maximum ROI

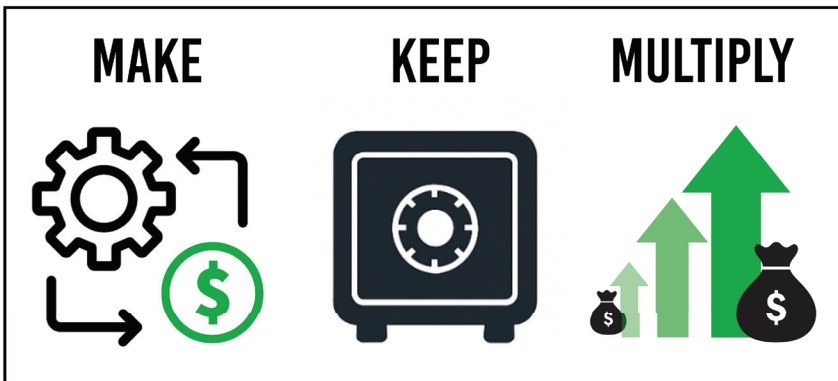
This isn’t about house flipping or speculation. It’s about building a stable, predictable portfolio of real estate that reliably pays you every month, automatically grows over time, delivers powerful tax advantages, and is built passively—preserving your most valuable resource: your time. In chapter 8, we’ll show you how to own real estate without “doing” real estate—so you can reap the rewards without managing tenants or fixing toilets.

And here’s where it gets really exciting: When deployed through the Vault, your capital grows and compounds in two places at once. And because both assets are strategically leveraged, one dollar of truly invested capital becomes five dollars of productive capital—all working for you. That’s the power of leverage. That’s the power of the Machine. We’ll share more later.

The Process: Make Money, Keep Money, & Multiply Money

Once you have your three gears in place, the Passive Income Machine runs on a simple, repeatable system:

1. **Make Money:** Your job, business, or primary hustle fuels gear 1—your role as the driver of wealth.
2. **Keep Money:** You save intentionally into the Vault—gear 2. Here, your capital is protected from loss, remains fully in your control, and compounds continuously—even while you leverage it.
3. **Multiply Money:** You deploy your capital into cash-flowing, leveraged assets—gear 3. These are the investments that build your empire.



This is the process you'll follow to hit your Strike Number. Then, you scale it to achieve financial independence—and beyond. This is how financial freedom in ten years or less becomes predictable, repeatable, and inevitable. This is the system Wall Street doesn't want you to learn.

In the next chapters, we'll break down each gear step-by-step. You'll learn exactly how to activate, structure, and scale the process to fit your life. The strategy is time-tested. The results are proven. And the possibilities are limitless.

Let's build your Machine.

Leverage is Your Bridge to Freedom

In this chapter, you discovered how using leverage well can transform your finances. But reading about leverage is one thing—using it with precision is another. That’s why we created the **Launchpad**—an immersive, step-by-step experience that shows you exactly how to turn leverage into your greatest wealth-building advantage.



This isn’t theory. It’s your next move. Unlock the Launchpad now at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code.

Don’t just learn about leverage—put it to work and *launch* your Passive Income Machine®.

"You must take personal responsibility. You cannot change the circumstances, the seasons, or the wind, but you can change yourself."

— Jim Rohn

6

GEAR 1—BECOMING AN EMPIRE BUILDER

Take Ownership of Your Future



Real wealth is built by the bold, the productive, and the intentional. Empire Builders don't hand over control—they take it. The first gear of the Passive Income Machine starts not with money but with you. This chapter is about reclaiming your identity, raising your financial intelligence, and becoming the CEO of your money.

Engaging gear 1 means becoming the kind of person who is capable of building lasting wealth. Most people just want to be told where to put their money—or who to hand it over to for a decent return. But real financial freedom doesn't start with where you invest—it starts with who you become.

This is what most people get wrong. They think their money problems stem from a lack of access, income, or the perfect investment strategy. They chase hot stock tips. They follow financial influencers. They believe the solution is “out there.” However, wealth doesn’t start with external solutions. It always starts internally before it’s ever manifested externally.

Financial Freedom Begins Within

Ryan Lee

While most people look outward for change, the wealthy look inward for *leverage*. That’s what gives their vision momentum and their goals durability. When dreams are vague, commitment is weak. But when you gain internal clarity and emotional conviction, you unlock a level of drive most people never touch.

This isn’t motivational fluff—it’s the *first gear* of the Machine. Before your money can multiply, your mindset must multiply. That’s how you build the inner gravity to pull your external world into alignment. True financial transformation begins the moment you stop outsourcing the solution—and *become* it.

When I began my journey to financial freedom, I did all the things—read the books, attended the seminars, made the investments. But progress felt slow and uneven with two steps forward and one step back. My breakthrough came when I stopped asking what I should invest in and started asking who I needed to become. The best investment I ever made wasn’t in an asset. It was in myself—my mindset, skillset, and network.

Most people never make that shift. Many living in poverty see themselves as victims of money—constantly reacting to circumstances they believe are beyond their control.

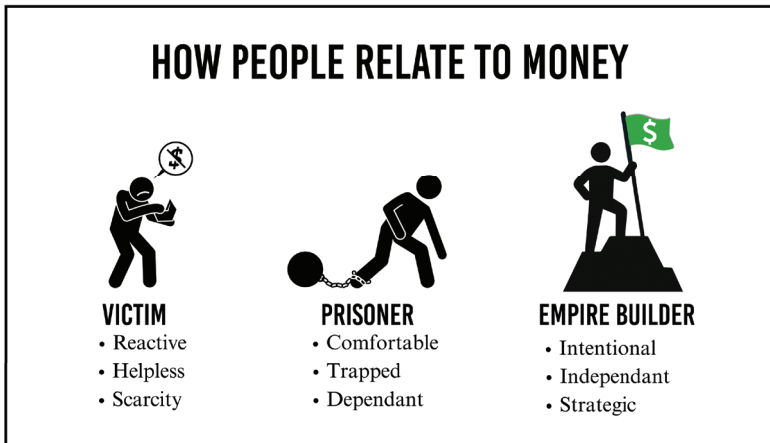
Most middle-class people become prisoners of money—trapped by busy lifestyles and a false sense of security. They hide behind packed schedules and hand off their future to advisors—denying the fundamental truth that no one will ever care more about their money than they do. They trade freedom for comfort and chase approval instead of autonomy. They drown in debt trying

to look rich instead of *becoming* rich. And all the while, they cling to the hope that the system will one day reward them or bail them out.

Don't go there.

The wealthy—Empire Builders—do the opposite. Empire Builders flip the script. They turn inward. They define what they want, upgrade how they think, and build systems that serve them. They know financial independence isn't found—it's forged. And the forge begins in their mind. As Stephen Covey taught, "Every outcome is created twice: first in the mind, then in reality."¹ Empire Builders invest in their mindset—because they know it's the highest -return asset they'll ever own.

Your net worth will never outgrow your self-worth. Until you believe you're worthy of wealth—and choose to become its creator, not just its recipient—you'll stay stuck.



All great builders—including Empire Builders—start with a blueprint: a clear vision of what they're creating and why it's worth enduring the inevitable challenges along the way. Before the first brick is laid or a single system is built, they know exactly what they're building and what it's for. Internal creation always precedes external reality. Without clarity, there's no direction. Without meaning, there's no fuel. If you don't know what you're building—or

1. Stephen R. Covey, *The 7 Habits of Highly Effective People* (Simon and Schuster: 2020)

why—it's easy to get distracted, discouraged, or derailed. Before we build your Passive Income Machine, we must define the foundation.

When Michelangelo was asked how he carved *David*, he replied, “I saw the angel in the marble and carved until I set him free.”² He saw what no one else could see—*not* a block of stone, but a masterpiece trapped inside. His job as the sculptor wasn't to create *David*, but to *reveal* him.

In the same way, your financial future—your dream life—is already within you. You don't need to invent it. You need to uncover it. And the first step is seeing it clearly. To uncover your vision, you must answer three powerful questions—questions that every Empire Builder must ask. Your answers form the blueprint. Your clarity becomes your compass.

The Power of Three Questions

If you want to change your financial life, you must begin by changing your financial identity. The gap between your current reality and the life you envision isn't a lack of opportunity, income, or even knowledge—it's that you haven't yet become the person capable of creating that reality. The transformation begins internally, and it starts with a decision to take ownership of your financial future rather than continuing to outsource the solution.

This internal shift is guided by three essential questions—questions that every Empire Builder must answer with deep clarity and conviction:

1. What Do I Want?

This question ignites desire—without knowing what you want, there's no internal fuel. It's deceptively simple, yet most people never take the time to answer it with precision. They might say they want “more money,” but they rarely define what that money is for. What kind of life do you truly want to live? What do your days look like? How do you spend your time, and with whom? Where do you want your money to take you?

2. “Michelangelo,” The Art Story. Accessed July 1, 2025. <https://www.theartstory.org/artist/michelangelo/>

Without this kind of mental clarity, your financial goals will remain vague, and your efforts will be scattered. Vision creates focus, and focus gives your money a job. When you're clear about the destination, the financial vehicle becomes far more effective. Clarity around what you truly want is the first step in assigning purpose to your money and energy.

2. Why Does It Matter?

The second question gives your vision emotional weight. It's not enough to know what you want—you must understand why it matters. Without a strong “why,” you won't have the resilience to keep going when the path gets hard, and it always does. This question builds emotional leverage—turning “shoulds” into “musts.”

The stronger your reason is, the more you feel it—and emotion is what drives sustained behavior. Money without meaning is directionless. But when you connect your money to the people you love, the causes you care about, and the future you're building, every dollar becomes a vote for the life you truly want. This emotional clarity is what breathes life into your Passive Income Machine. Meaning is what turns financial strategies into lasting change.

Ryan Lee

Over the last decade, I've asked thousands of people these two questions, and I can count on one hand the number of times I've received a clear, confident answer. Most people know what they *don't* want—they don't want to be broke, they don't want to feel stress, and they don't want to be stuck. But very few can articulate exactly what they do want and why it matters. That clarity is not just helpful—it's essential. It becomes the fire that fuels the entire journey.

When I first began pursuing financial freedom, Bob Allen challenged me to write something he called a Vivid Vision statement. He asked me to describe my ideal day in complete detail: where I lived, how I felt waking up, the kinds of relationships I had, the money in my accounts, and the freedom I felt moving through the day with purpose and ease. I wrote that vision with so much clarity and conviction that I could feel it in my body.

And here's what I discovered: your subconscious mind doesn't distinguish between the past, present, or future. It responds to belief. When you implant a vision deeply enough—infused with genuine emotion—your subconscious begins to treat it as if it's already happening. This begins a powerful process of alignment. Your mind starts to bring the right people, opportunities, and strategies into your awareness to close the gap between the life you have and the one you're envisioning.

The point is simple but profound: when your belief shifts, your reality follows. The only variable left is time.

Head to your **Launchpad** to find a template to create your own vivid vision statement that will begin aligning your desired reality with your lived reality. Just visit **www.PassiveIncomeMachine.com/Launchpad** or scan the QR code.



3. Who Must I Become?

Once you've gained mental clarity and emotional connection, the final question brings the vision into action. Your current financial reality is a reflection of your current financial identity. The beliefs you hold about money—often subconscious—drive your daily behaviors, and those behaviors are what produce your results. If your current results are unsatisfying, then the solution lies in upgrading the way you see yourself.

Tony Robbins often says, “The strongest force in the human personality is the need to stay consistent with how we define ourselves.” This idea is foundational to personal transformation. Lasting change doesn't come from willpower or discipline alone—it comes from adopting a new identity.

When you stop seeing yourself as someone who reacts to money and start seeing yourself as someone who *commands* it, this is the true shift into Empire Builder mode. It's about deciding to become the kind of person who takes full ownership of their financial life. Empire Builders don't wait for someone else to create results for them. They don't outsource their future to advisors who

care less than they do. They take responsibility. They lead. They become the solution to their money problems.

When you combine clarity of vision with deep emotional meaning and a powerful identity shift, you generate unstoppable momentum. This is where financial freedom begins—not with a product or tactic, but with a decision to become the person capable of building wealth that lasts.

Assuming a New Identity

Your identity is the label you live in—whether consciously chosen or unconsciously inherited. It's like an imaginary set of clothes—the identifying patterns, habits, beliefs, and values you've accumulated throughout your life. It's the answer to the question, "Who am I?"

In the context of this book and your journey to Financial Freedom in ten years or less, you're now an Empire Builder. It's your identity. It's your singularity. It's your essence. From this moment forward, you've left the cult of the average and entered the world of an outlier. It may take some time for you to fully assume this new identity. After all, it's taken a lifetime to adapt to your current reality. If you want a *new* reality, you'll need to start adopting this new way of thinking instead.

You've likely never considered yourself as an Empire Builder. It might be too big of a word to wrap your head around. But building an empire is simply creating permanent, tax-free streams of income from assets that are inflation protected and safely leveraged so you have the economic freedom to live the life of your dreams. Do you agree with this definition? If you do, you're on the way to adopting the identity of an Empire Builder.

Empire Builders *act* like empire builders. They don't *hope* to build an empire. They don't *wish* to make a lot of money someday. They don't *try* to build an empire. They don't just *yearn* to be financially free. They expect it. They live it with every breath—right now. It's already happened in their mind. They continue toward it one day at a time. They inhabit the mindset, the heart, the body, and the actions of a person who is absolutely, positively committed

to stay on the path to financial freedom. They've burned their bridges, sunk the ships, and pulled the plugs. There's no going back.

Therefore, every breath they take is an Empire Builder breath. Every day is built around making that happen. This is called stepping into the identity of an Empire Builder. They identify with that image. When they think of an Empire Builder, they say in their mind, *That's me! That's who I am. I'm not a "wannabe." I'm authentically becoming that person now.*

They buy back their time, little by little, week by week—building toward their Strike Number—so they can choose to go to work. When they've reached their Strike Number, they can decide to stay or quit.

Why is it so important to assume this identity? Because 97% of the people you see every day are living the *exact opposite*. Empire Builders never act like typical people when it comes to their finances. Here's what they do instead:

The Empire Builder's Code

- **We take our money off Wall Street** and put it to work where we have control, clarity, and confidence.
- **We prioritize freedom over consumption.** We don't buy based on impulse—we invest based on vision.
- **We create and follow a Game Plan.** We're not guessing. We have a target.
- **We save and invest first—automatically.** Then we spend what's left afterward.
- **We build our Passive Income Machine** with 10–20% (or more) of our active income—every month.
- **We are bold investors, not passive spectators.** We take control of our capital and multiply it through strategy.
- **We know our Strike Number** and track our progress toward it.
- **We value cash flow over net worth.** Because freedom isn't a number in an account—it's a lifestyle we can live today.
- **We are CEOs of our money.** Every dollar has a job and a destination.

- **We are legacy-minded.** Our wealth isn't just for us—it's for impact, purpose, and the next generation.
- **We are purpose-driven.** Money is a tool. Freedom is the goal.
- **We are outliers.** The world may not understand us—but we're not here to be average. We're here to build.

Head to the **Launchpad** to download your Empire Builder Code now. This visual guide will help you internalize the mindset, embody the habits, and fully step into your identity as an Empire Builder. Just visit **www.PassiveIncomeMachine.com/Launchpad** or scan the QR code.



Why does having a strong identity as an Empire Builder matter? Because all the advertisers in the world have combined their billions of advertising dollars to squeeze the last nickel out of your life and get you to buy things you don't need. The world is conspiring against you, and you need to stand up and show them what an Empire Builder looks like. That's the definition of an outlier. You remain outside their consumer-oriented lifestyle. You don't care if they call you crazy, unorthodox, or strange. Because, compared to the masses, that's exactly what you are!

The *most important* Empire Builder habit is to commit to **investing 10–20% of your active income** into your Passive Income Machine. This is the fuel that funds your freedom. If you can't do this, you won't become an Empire Builder. Work on yourself until this is an inviolable habit. First you save and invest, and *then* you can eat—in that order. Like Warren Buffett said, “Don't save



what is left after spending; spend what is left after saving.” Empire Builders are the CEOs of their money.

Here’s the good news: if you’re reading this, you’re already on the path. You likely see pieces of yourself in this identity. That’s not an accident—it’s confirmation. The spark is already lit. You’ve already started to think differently, act intentionally, and question the old rules. Now is the time to fully own the identity of an Empire Builder.

Act Like the CEO of Your Money

An Empire Builder doesn’t just dream about freedom—they fund it. And that starts by stepping into a new role: the CEO of your money. As CEO of your money, you realize that every one of your dollars has a job. You ask, “Is this expense necessary? Does this advance my goal of financial freedom? Does this bring value or wealth to my life right now?”

Empire builders *never* waste money. They realize that every dollar is a money seed that, if planted carefully, can grow into a money tree. The seeds from a money tree can expand into an orchard of money trees. When you waste a dollar, you destroy the orchard of money trees that a single dollar could have grown into.

Every dollar you earn represents time, energy, and effort—your life force converted into currency. But here’s the key: that same dollar, properly directed, can also buy your time back. It can free you. Everyone reading this book is a millionaire—over your lifetime, millions of dollars will flow through your hands. But the real tragedy is trading time for money and having nothing to show for it. Most people reach their deathbed regretting unfulfilled dreams—not

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“I’d been in the real estate game for a while and I’d never found a legitimate mentor or community to help me excel and become financially free from my nine-to-five job—until I met the leaders and the supportive community at Money Mastery. Since joining, they’ve given me the much-needed perspective, mindset, and guidance to get closer to my financial goals. I once lacked confidence and experience in some areas, but now I’m thriving!”

— Jason C., Illinois

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money they failed to earn. The goal is not just making money but using it to build a life that matters.

Now that you understand the mindset of a true CEO, it's time to act like one. This is where the majority of people lose the game. They don't tell their money what to do—they just wonder where it went. They hope that working harder, earning more, or trusting someone else to manage it will eventually lead to financial freedom. Don't let that person be you!

Raising Your Financial Intelligence

Once you've decided who you must become, the next step is to build the skills to match. Identity without capability leads to frustration. You can envision freedom, even crave it—but without the intelligence to navigate the financial landscape, freedom remains out of reach.

Taking your money off Wall Street is a bold and necessary move. But it's only the beginning. The real question is, now that you've reclaimed control, do you know what to do with it? This is where financial intelligence comes in.

Financial intelligence is the ability to recognize, solve, and navigate money problems. It's not a single skill—it's a set of mental muscles that can be developed, trained, and refined. And just like physical fitness, it's built through intentional reps over time. There are four distinct but connected financial IQs—each one essential to building and sustaining your Passive Income Machine:

1. Making Money

This is your ability to create value, solve problems, and generate active income. It's your hustle, your skillset, your job, your career, or your business. It's your ability to produce something useful and exchange it for dollars. Most people start here—learning how to earn. But income alone isn't the solution. Without the next IQ, money slips through your fingers.

2. Keeping Money

Wealth is not what you earn—it's what you keep. This IQ is about protecting your income—through strategic tax planning, proper legal structures,

intelligent budgeting, and disciplined decision-making. Most people lose here by default. They make good money but fail to keep it, bleeding dollars through poor habits, high taxes, consumer debt, and misaligned priorities.

Together, *making* money and *keeping* it makes up 80% of the money equation. Master just these two, and you’ve already built the foundation for financial freedom.

3. Investing Money

This IQ is where your money begins to work for you. Investing is the art and science of growing and compounding your capital through cash-flowing, leveraged assets—namely renovated, turnkey single-family homes in excellent locations. It’s when your dollars stop sitting idle and start producing more dollars. Investing requires strategy, patience, and vision. But it also requires a mindset shift: from consumer to creator, from laborer to owner.

These three financial IQs form the core of your climb. This is how you *rise up*. They move you from financial chaos to clarity, from dependence to control. But there’s one more IQ—the one that makes it all worth it:

4. Living Free

This is the destination: waking up with the freedom to choose how you spend your time, who you spend it with, and what kind of life you create every day. You don’t stumble into this reality by accident. It doesn’t happen because you made a few good decisions or caught a lucky break. Living free is a result of mastery. And mastery begins with ownership—ownership of your identity, your money, and your outcomes.

This is the mindset of an Empire Builder. This is the intelligence that sets you free. But none of it works without this first step. You

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“I never thought I could retire—being self-employed, I assumed I’d work until I died. The Passive Income Machine showed me a clear, achievable path to retire comfortably in just ten years. Now I’m on track to retire on my own terms, with a plan that actually works.”

— Amber V., Hawaii

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must secure the capital. You must allocate resources today to buy the life you want tomorrow.

Think back to your vision—the clarity you uncovered through the three power questions. That vision is your future self. And the only way to bring it to life is to fund it now. The real secret to financial freedom isn't just investing—it's saving intentionally first. Then you fund your lifestyle with what's left over. That single shift flips the entire game. Building this one habit will do more to secure your financial future than any investment strategy ever could.

The good news is that you can start this habit today. It's the one thing in the game of money you entirely control. Start now. Build the discipline. Save for your future self—consistently, intentionally, without

exception. Because without savings, there is no system, and without the system, you'll never be free. We've met with clients who earn millions of dollars a year—yet they're still broke. They remain consumers of their money instead of becoming Empire Builders empowered by their money. Why? Because they're great at making money, but they never learned how to keep it.

When you're an Empire Builder acting as the CEO of your money, you don't let dollars drift aimlessly. Every dollar gets a job. Every job gets measured. Every result gets reviewed.

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"Real estate wasn't new to me when I joined the Money Mastery program, but the Passive Income Machine taught me how to take the right steps to protect and grow my assets—building a solid foundation for my family and a clear path to independent wealth."

— Matt W., Michigan

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Engaging the First Gear

You've just engaged gear 1 and taken the first steps toward becoming an Empire Builder. You've changed your mindset from consumer to creator. You're no longer a passive participant—you're a financial CEO. You've taken ownership, raised your financial IQ, and claimed your right to design a life of freedom. Leverage on yourself is the most important form of leverage you'll ever access.

Without it, no system will work. With it, every move becomes intentional, every challenge becomes fuel, and every action gains exponential force.

This is where the Machine truly begins. Because once you've taken internal command, you're unstoppable, and it becomes time to gain leverage on your money. That starts with the Vault. Saving isn't sacrifice. It's strategy. It's how you begin telling your money where to go—before someone else decides for you. And when that money flows into the right structure—one designed to multiply it instead of contain it—you unlock the power of dual compounding and intelligent control.

In the next chapter, we'll show you exactly how to build that structure. You'll see how every dollar you save—when positioned correctly—multiplies itself into five dollars, dramatically accelerating your path to financial freedom in ten years or less. You'll discover how the Vault unlocks tax-free growth, instant liquidity, and strategic leverage—transforming your savings into the fuel that powers the Machine. Get ready to activate gear 2.

You've Found the Blueprint—Now Step into It

Real wealth doesn't start with money—it starts with *you*. You discovered the power of clarity, identity, and financial intelligence. But insight alone won't change your life—application will. That's why we created the **Launchpad**—your step-by-step system for becoming an Empire Builder. Inside the Launchpad, you'll go far beyond theory. You'll,

- Craft your *Vivid Vision* with interactive exercises
- Install the *Empire Builder Identity* with guided tools
- Get the exact savings plan and systems to fuel your freedom



You already have access! Unlock the Launchpad now at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code. Don't just find the blueprint—**live it**.

"You finance everything you buy—you either pay interest to someone else, or you give up the interest you could have earned otherwise."

— Nelson Nash

7

GEAR 2—THE VAULT

The Secret Engine of the Wealthy



In this chapter, you'll learn how to use the Vault to multiply your wealth, accelerate your progress, and build a system where your money works in multiple places at once. The Vault is more than a product—it's a financial strategy that gives you access to the greatest wealth accelerator of all: leverage.

Unlike traditional savings or investments that force trade-offs between growth, safety, and liquidity, the Vault eliminates compromise. It gives every dollar you save a dual role: uninterrupted compounding *and* the power to be leveraged into income-producing assets. Instead of allowing a bank to benefit from your money, *you* become the bank. And with the right system in place, you'll gain the momentum to escape financial headwinds and find freedom.

From CEO to Banker

You've taken control of your money—now it's time to put that money to work like a bank does. Before you can multiply your money, you must first master it. In the last chapter, you gained the most powerful form of leverage: leverage over yourself. You stepped into the role of CEO of your money. You clarified your vision, upgraded your mindset, and took control.

Now it's time to gain leverage on your money. For most people, every dollar they earn can only do one job. You can either spend it or save it—but not both. One dollar equals one use. And because that's all you've ever known, you never question whether that same dollar could be working harder in more than one place.

You've never been taught to ask, “What if one dollar could do multiple jobs simultaneously? What if I could multiply my dollars through leverage?”

That's the real cost of traditional financial strategies: opportunity cost. Every time you deploy a dollar, you forfeit every other possible use for that dollar. You're forced to choose a single path—and that choice always comes with a trade-off.

Let's break it down:

Short-Term Financial Goals

When you're planning for something in the next few months—a vacation, a big purchase, a medical expense—your highest values are safety and liquidity. You need quick access to your money, and you can't afford to take risks. So where do you put it? In the bank. But doing so means sacrificing meaningful growth—and in today's inflationary world, that sacrifice compounds over time.

Long-Term Financial Goals

Once your short-term needs are covered, you start thinking about the future—investments, retirement, passive income. You want higher returns, so you place your money in long-term investments that might grow over time, multiplying the value of your money. But to get that potential growth, you give up

liquidity and often safety in the process. Your money is locked away. In most traditional investments, like 401(k)s and IRAs, you can't touch your money before the age of fifty-nine-and-a-half without penalty.

And that's the trade-off everyone has been taught to accept:

- Choose **safety and liquidity** and give up growth.
- Choose **growth**, and give up safety of principle, liquidity, and control.

But what if you didn't have to choose between paths? What if your dollars could be safe, liquid, *and* productive? What if they could work in *multiple places at once*? That's the power of financial leverage—and it starts with the Vault.

How the Vault Eliminates the Trade-Off

The Vault is the only financial tool that gives you growth, liquidity, and safety—at the same time. It gives you a place to store, grow, and leverage your capital with unmatched certainty and flexibility. There's no either/or. It's all of your capital—in one place. Here are the details:

100% Safe & Private

The Vault is a privately administered account that's not subject to market volatility or government interference. Your money is protected by ironclad guarantees that ensure your balance will never go down. It's not just shielded from loss—it's fortified for certainty. The institutions backing this account consistently deliver strength and stability.

Guaranteed Growth with Profit Participation

Every dollar you place into the Vault is guaranteed to grow year after year—regardless of what the stock market does. And beyond the guaranteed return, you also participate in annual profit-sharing from some of the most consistent-performing financial institutions in existence. This combination creates uninterrupted compounding that doesn't just protect against inflation—it accelerates with it.

Over the past fifty years, the mutual insurance companies that issue these private Vaults have delivered total net returns averaging between 4% and 6% per year to their policy holders. This includes a guaranteed base return (typically between 2% and 3.5%) plus annual dividends from companies that have generated profits—and paid them to participating policyholders—for more than one hundred consecutive years.¹

By contrast, the fifty-year average return on a typical bank savings account is just 0.38% APY.² That’s not a small difference—it’s a 1,400% increase in returns just by shifting where you store your savings. The Vault doesn’t just preserve your capital—it multiplies it.

Tax-Free Compounding

Traditional financial accounts are tax traps. Either you’re taxed now, like a savings account, or taxed later, like a 401(k). But the Vault does something radically different—it grows tax-free, and can be accessed at any age without triggering taxes. That means your compounding is never eroded by taxes.

And when you factor in the tax advantage, the Vault’s real return becomes even more powerful. To *net* a 5% return in a taxable account, you’d have to *earn* at least 6.5%—just to break even after taxes at a 24% tax bracket. The Vault delivers that 5% return automatically—with no tax drag, no volatility, and no guesswork.

From Saving to Scaling: The Vault is Your Gateway to Leverage

This is where the Vault stops looking like a “safe savings account” and reveals its real power as a true wealth engine. With your money safely compounding in the Vault, you unlock access to a private line of credit equal to your total account value. If you’ve contributed \$250,000 and it’s grown to \$400,000, your line of credit equals \$400,000.

1. Northwestern Mutual to Award Record \$8.2 Billion Dividend to Policyowners in 2025, Oct 1, 2024. <https://news.northwesternmutual.com/2024-10-01-Northwestern-Mutual-to-Award-Record-8-2-Billion-Dividend-to-Policyowners-in-2025>

2. US Savings Account Rate for July 2025, YCharts. http://ycharts.com/indicators/us_savings_account_rate

This is the defining feature: You can access your capital through a private line of credit—without withdrawing your funds—while your full balance continues to grow uninterrupted. That means every dollar is doing multiple jobs at once:

- Growing safely and predictably inside the Vault
- Ready to be used as a down payment on your first turn-key asset.

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"We began with no understanding of whole life insurance, but now the Vault is the foundation of our financial freedom plan. It protects us, shelters our savings, and allows our money to work in multiple ways through paid-up additions and strategic distributions. With two policies in place and plans for more, we feel financially empowered and secure."

— Nicole B. & Jenelle W.,
California

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This is called **dual compounding**—because with the Vault as part of the Passive Income Machine, your money can compound in two places at the same time.

What if every dollar you saved was,

- Shielded from loss
- Guaranteed to grow tax-free
- Available to leverage—without interrupting that growth?

The game of money would change forever. This is exactly how the wealthy operate. They never let money sit idle—they keep it moving. The Vault doesn't just eliminate trade-offs—it transforms your capital into a high-performance asset, giving you the control of a bank, the certainty of a contract, and the power of strategic leverage.

How Banks Leverage Your Money & How You Can Too

By now, the Vault shouldn't feel like a financial side note—it should feel like the secret you were never meant to discover. Because it's not just a safe place for your money—it's the key to taking back control.

The game of leverage has been rigged in favor of one player: **the banks**—the most powerful financial institutions on the planet. They don't save money. They move it. They take your deposits and lend them out—again and again—stacking profits on top of profits while you get a few cents in interest, a tax bill on those cents, and a bowl of suckers on the counter.

For years, you probably looked at that little dish of Dum Dums on your bank's counter and thought, *Aww, what a nice gesture!* But now that you're seeing behind the curtain, let's be real—that bowl is a *message*: You're the sucker in their system.

Banks use your money to build their empires, but you can begin using the same system they do with the Vault.

The Banks & Suckers Challenge

Ready for a laugh—and a little revenge? Next time you're in a bank, look for the bowl of suckers on the counter. If you spot one, snap a pic and post it in the community inside your Launchpad.



Because let's be honest—that bowl isn't a gift. It's a message: *You* were the sucker—but *not anymore*. **You're the bank now.** Join the community at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code.

The Vault Flips the Model

The Vault gives you access to the same strategy the banks use—without asking for permission. At the center of your Passive Income Machine, the Vault doesn't just grow your money—it gives you a private line of credit backed by the companies standing behind your Vault contract. You'll learn more about these companies in the coming pages, but here's what you need to know now: This line of credit is backed by some of the most successful, stable, and profitable institutions in American history—many of which have delivered uninterrupted profits for nearly two hundred years straight.

It's a one-to-one ratio: For every dollar of cash value you build, you gain the ability to borrow against it—without touching your balance. And the best part is that this line of credit comes with the following benefits:

- No loan applications
- No income verification
- No credit check
- No forced repayment schedule
- No reporting as income or debt
- Much less expensive than a bank line of credit

It's a private agreement between you and the company that you control. You are now the bank leveraging the value of your own dollars. You set the rules.

Your money keeps compounding inside the Vault—uninterrupted—while you leverage your private line of credit to fund real estate down payments. Leverage is how banks get rich. Now, it's how *you* build wealth too. This is how you stop playing defense—and start building wealth by design. It's not just a financial tool. It's the engine that powers your journey to financial freedom.

Most people scatter their money—some in savings, some in investments—hoping it all works out. But a tool without a strategy is just noise. It's kind of like going to the grocery store without a recipe: You'll end up with a cart full of stuff but nothing that works together to make a real meal.

The Vault gives your strategy structure, speed, and certainty. This isn't where your money goes to hide. It's where your money goes to *multiply*. Because when you combine safety, growth, liquidity, and leverage, your future no longer feels like a gamble—it feels inevitable. And when your wealth feels

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"The Vault gives me peace of mind knowing my money is safe, always working for me, and growing consistently regardless of the market. I started with a small policy, but after seeing the benefits firsthand, I opened a larger one to protect my family and achieve our goals. My only regret is not discovering the Vault sooner."

— Will B., New Jersey

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inevitable, you show up differently. You stop chasing freedom—and start living from it.

That's what the Vault unlocks.

What Kind of Account Can Be a Vault?

By now, you're probably wondering, *What kind of account actually does all this?* First, the Vault isn't just another too-good-to-be-true illusion—it's financial engineering at its finest, built on math, not magic. The Vault leverages legal contracts, time-tested institutions, and IRS-approved tax advantages hiding in plain sight. And no—it's not an actual metal box you bolt to your floor.

In fact, what makes the Vault work is so specialized that most people in the financial industry have never even seen it set up correctly. It looks simple on the outside, but inside it's been engineered with a level of precision most agents wouldn't even know to ask for. That's why you can't just go anywhere to get one.

The Vault is a specially designed, overfunded whole life insurance policy, meticulously engineered to transform a traditional life insurance contract into a powerful, liquid, wealth-building tool. And here's something most people don't realize: you can't walk into any ordinary life insurance office and ask for a Vault. They'll have no idea what you're talking about because fewer than 3% of insurance companies even offer this kind of policy. Out of that small pool, only a fraction of agents know how to design it the right way. That's why we make a critical distinction between an ordinary insurance salesperson and a **Tactical Wealth Strategist**.

A Tactical Wealth Strategist is specifically trained to integrate life insurance and real estate investing into a coordinated Game Plan. They know exactly which companies offer the right products, how to design those products for maximum cash value, and how to integrate them in the right system so the Vault performs at its full potential. In part 3, you'll learn more about how they coordinate the Vault with your Passive Income Machine to keep your dollars compounding while building cash flow. We've scoured the insurance industry to identify the exact companies, product specs, and design

principles that unleash the Vault’s full power. And we’ve trained a small group of specialists who can do it right. Without that precision, the Vault simply won’t perform as the wealth engine it’s meant to be.

Now, back when we first mentioned this detail, you were very likely thinking, *Life insurance? That’s not what I expected.* Exactly. That’s the point.

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“The Money Mastery program and the Passive Income Machine have been life-changing for our family. We went from feeling stuck in W-2 jobs to owning our own business, and we wouldn’t be where we are today without this program. Our family is forever grateful for the strategies and support of this community.”

— Ryan & Kassie M., Texas

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Most people think of life insurance as something you buy just in case you die. Or they follow old-school financial gurus who act as though owning life insurance is a necessary evil to be minimized rather than a strategic tool to maximize. But as you already saw back in chapter 3, that thinking doesn’t lead to wealth—it leads to retiring broke after relying on Wall Street speculation.

A Completely Different Kind of Life Insurance

When people “buy” insurance, they typically sit down with an agent and ask, “How much death benefit do I need to protect my family if I die?” Then they try to pay the lowest premium possible—because in that model, the only way to “win” is by dying—which still kind of seems like losing.

Now imagine walking into that same insurance office, looking your agent in the eye, and saying, “Hi, I’d like to pay the highest premium I can afford, and in return, I want the smallest death benefit you’re allowed to give me.”

Sounds kind of funny, right? Go ahead—try it. Just for the reaction.

But this is the whole point: The Vault is the opposite of how 99% of insurance is sold and bought. Why? Because we don’t want insurance for the sake of insurance—we want the tax benefits the IRS gives insurance if structured properly. However, not *all* life insurance policies are Vaults. To make this work, these things must be true:

- **The Right Design** –

Overfunded for cash value, not padded for death benefit

- **The Right Company** – A mutual insurance company that shares profits with you

- **The Right Agent** – Someone who designs for *you*, not their commission

Most agents maximize the death benefit—because that’s how they get paid. A properly structured Vault does the opposite: it slashes agent commissions by up to 80% and puts that money back into your cash value—where it belongs.

THE VAULT CODE

4 Requirements to Turn Ordinary Life Insurance into a Wealth-Building Machine



- ✓ Overfunded Whole Life
- ✓ Right Policy Design
- ✓ Right Insurance Company
- ✓ Right Agent

If you miss one of these 4, your policy won’t work as a Wealth-Building Machine.

How It Actually Works—Without the Boring Stuff

We design the policy to qualify as life insurance—but not to function like traditional insurance. We overfund it. We push in as much premium as the IRS allows, and we take on just enough death benefit for the policy to be considered life insurance.

That overfunding becomes your cash value—which is,

- Tax-free
- Guaranteed
- Compounding
- Immediately liquid as a private line of credit

Here’s where it gets fun: Instead of withdrawing money, you borrow against it—just like a bank. Your cash value acts as your line of credit. Your death benefit acts as collateral. That’s why you control the loan.

If you die with a loan outstanding, the insurance company simply subtracts it from the death benefit. They're made whole—and you were able to use their money while yours kept compounding tax free. That means your dollars can do three jobs at once:

- Earn safely inside the Vault with tax-free, uninterrupted compounding
- Work outside the Vault by allowing you to fund investments and seize opportunities
- Provide life insurance and protect your dependents against losing the one thing that makes everything else possible—you.

What Kind of Farmer Would You Rather Be?

Imagine you're a farmer. Would you rather,

- Pay tax on a small bag of seeds before you plant them?
- Or wait and pay tax on the entire harvest after it grows?

Most people choose wrong—they defer taxes now only to owe a massive share later. They build wealth for themselves and the IRS but take all the risk in doing so. The wealthy become wealthy because they understand the tax game. They pay tax once on the seed, and never again on the harvest. That's what the Vault does—it moves your money from taxable and tax-deferred buckets into a tax-free reservoir that compounds, protects, and multiplies.

Why Banks & the Wealthy Love Cash-Value Life Insurance

Let's zoom out. There are only three vehicles the IRS allows for building tax-free wealth:

1. Roth IRAs (limited by contribution caps and income restrictions)
2. Municipal bonds (low return, tied to local governments)
3. Cash-value life insurance (no contribution limits, tax-free access, leverage, and guaranteed growth)

It's no surprise that cash-value life insurance is where the wealthy play. Here's something even more telling: The very institutions that hold your

money don't even store their own capital in banks. Banks are required by law to keep a percentage of their deposits in reserve, ensuring they have liquid assets on hand. But where do they store these reserves? Not in their own vaults. Not in savings accounts. Not in the stock market.

They store billions of dollars in cash-value, whole-life insurance—yes, the Vault. They call it bank-owned life insurance (BOLI), and collectively, the largest U.S. banks hold well over \$200 billion in these policies. Why? Because it offers them guaranteed growth, protection from risk, and tax advantages.

Think about the irony here: Banks tell you to keep your money in their accounts, earning close to 0%. Banks take your deposits and loan them out, making significant returns on your money. They store their reserves in *permanent life insurance* policies. Yes—the very asset they tell you to avoid. While they preach, “Buy term and invest the difference,” they quietly do the opposite. If the system was actually designed to benefit you, wouldn't banks follow their own advice?

From Joe Biden and Donald Trump to Walt Disney, Ray Kroc, Warren Buffett, Bill Gates, and Jim Harbaugh—they've all tapped into high-cash-value life insurance to build, protect, and access capital when it matters most.

Beyond banks and politicians, some of the most successful entrepreneurs in history have used the Vault to fund their biggest ventures:

- **Walt Disney: Financing Disneyland** – In the early 1950s, Walt Disney struggled to secure traditional financing for his ambitious Disneyland project. Banks saw it as too risky. So, Disney turned to his whole-life insurance policy, borrowing against its cash value to fund the early stages of the park. Today, Disneyland generates billions in revenue annually—an empire built in part by the Vault.
- **Doris Christopher: Launching The Pampered Chef** – Before the Pampered Chef became a household name and was acquired by Warren Buffett's Berkshire Hathaway, its founder, Doris Christopher, needed startup capital. Traditional funding wasn't accessible, so she turned to her life insurance policy. By borrowing against the cash value, she funded her first cooking shows and

inventory. That humble beginning, backed by the Vault, helped grow the Pampered Chef into a multimillion-dollar company that empowered thousands of women and changed the direct-sales industry forever.

- **Ray Kroc: Sustaining McDonald's Operations** – When Ray Kroc was expanding McDonald's, he ran into financial difficulties that threatened the company's future. He needed cash—fast. Instead of relying on banks, he borrowed against his life insurance policy, using the funds to cover payroll and fund marketing campaigns, including the launch of Ronald McDonald. That decision helped turn McDonald's into a global fast-food giant.
- **The Rockefellers: Generational Wealth Strategy** – While the Vanderbilts and Carnegies saw their family wealth dwindle over generations, the Rockefellers did something different. They structured their fortune around whole-life insurance, ensuring that each generation had access to liquid, tax-free capital while preserving wealth for the future. It wasn't a one-time strategy. It was a system—designed to outlive them all. Today, the Rockefeller fortune still exceeds \$10 billion, thanks in part to this strategy. For over 150 years, spanning six generations, they've made the Vault the foundation of their family bank—preserving wealth, transferring it tax-free, and empowering each new generation to grow the family fortune and expand the legacy.

So, let me ask you, if you had access to an account with this much power for compounding and growth, plus the benefits of life insurance, how much of your money would you want to position into it?

All of it.

Why You Should Use the Vault Now

Robert Allen

When I first learned about the Vault from Ryan, I was blown away. He showed me how he'd taken the very system I taught in *Creating Wealth* and made it

even better. Honestly, I was skeptical. Could a life insurance policy really do all Ryan promised? Why hadn't I heard of it before? But the more I saw, the more I realized—I had been the sucker. I let so much of my money flow through my financial system without ever capturing or compounding it.

If I had known earlier what I know now, my wealth would be one hundred times greater. But by the time I discovered the Vault, I was seventy-five. And at that age, the cost of insurance made it cost-prohibitive to fully take advantage of the strategy.

Don't make the same mistake I did. Now that you know about this tool—don't wait another day. Get a Vault now.

Ryan's team of Vault strategists are the best in the business. They're the only ones who know how to design these policies as part of a complete Passive Income Machine—built around leverage, cash flow, and long-term freedom. And they don't just say it—they prove it. They lower their commissions by thousands of dollars so your money stays at work in the system, where it belongs.

The Vault & Multiplying Money

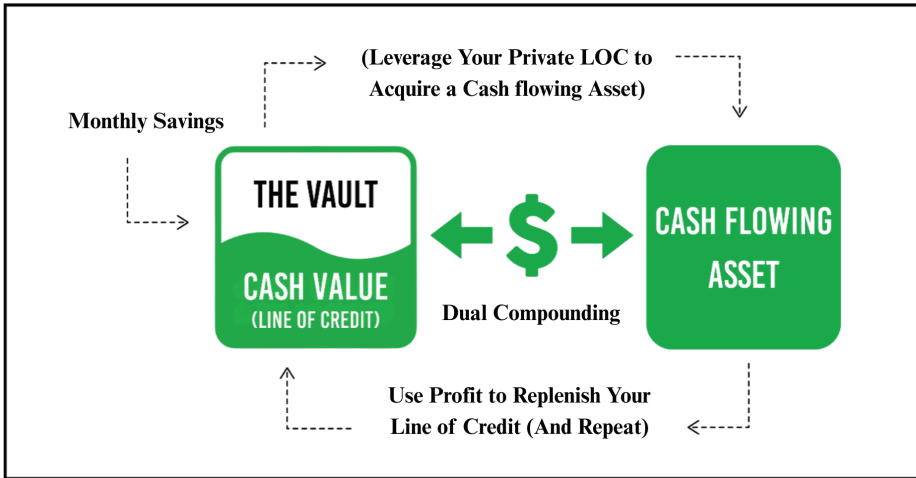
Now that you have access to uninterrupted compounding and a private line of credit, you've officially stepped into the role of the bank. The Vault isn't just a better place to store cash—it's a launchpad for strategic leverage, thanks to dual compounding. This is where your journey shifts from saving to scaling.

Once you access your Vault's line of credit, you can use those borrowed funds as a down payment on a cash-flowing real estate asset. And when you layer in bank leverage through a 30-year fixed-rate mortgage, the impact multiplies.

That's how **\$1 of your own money becomes \$5 of working capital**. You're mirroring the bank's playbook—then partnering with the bank to amplify your returns. This is how wealth is created in today's economy: by combining private Vault leverage with institutional bank leverage, and turning idle dollars into productive capital.

And here's the real advantage: the bank's money lets you enter the real estate game with just 20% down. When you acquire the right property—one

that covers the mortgage and still produces surplus income—you're not just earning a return on your own money. You're earning on the bank's money too. That's what accelerates your return.



Remember, leverage is the bridge! It's the dividing line—the difference between grinding toward retirement *inside* Wall Street and accelerating toward financial freedom *outside* of it. Most people stay stuck on the wrong side, relying solely on market returns to slowly build a big enough portfolio *someday*.

But the Vault gives you a new path—a bridge from accumulation to acceleration. And when you combine it with the bank's money, you're not just crossing the bridge, you're building momentum on the other side.

Let's break this down step-by-step:

- 1. You contribute** \$1 to your Vault. It begins compounding safely and predictably.
- 2. You borrow** \$1 against your contribution through your private line of credit.
- 3. You use** that borrowed dollar toward the 20% down payment on a rental property.
- 4. You secure** an 80% loan from the bank, adding \$4 more to the investment.

This is the Passive Income Machine in motion—powered by strategic leverage. It doesn't rely on hope or speculation. Instead, it uses predictable systems and contractual guarantees to accelerate wealth-building. And you don't just do it once—you repeat the rotation.

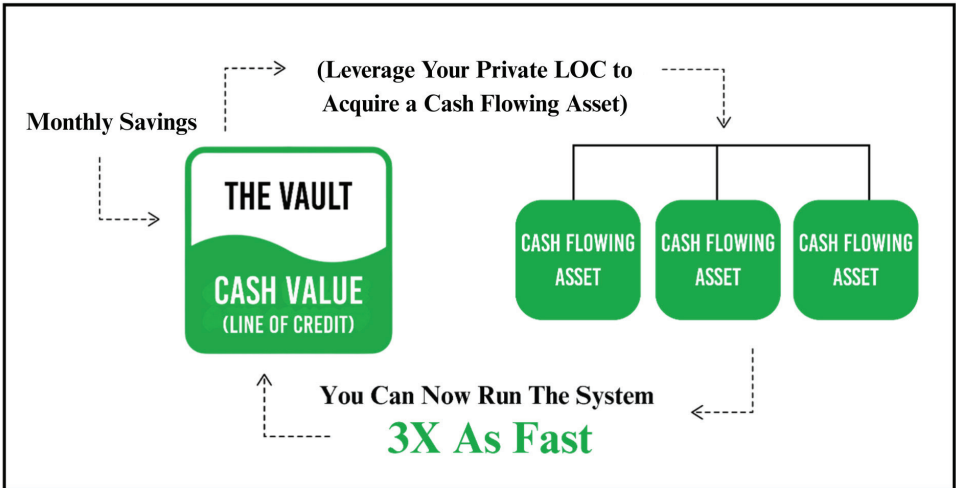
Each rotation strengthens your financial position:

- Cash flow from the property repays your Vault loan
- You continue saving into the Vault from active income
- Once replenished, you borrow again and repeat the process

One property becomes two. Two becomes four. Each new asset shortens the time to your next investment. That's how momentum compounds.

This isn't just a better savings strategy. This is the gateway to your escape plan. The Vault transforms you from a passive saver into an empowered producer. It puts you back in control of your capital, gives you the tools to scale your wealth, and opens the door to financial freedom in ten years or less.

This is how you win.



You've Found the Engine—Now Ignite It

The Vault is the engine of your Passive Income Machine®—but to truly unlock its power, you need to see how it applies to you.

Inside the **Launchpad**, you'll find a step-by-step training that teaches,

- How to structure your Vault with the *right* design, company, & agent
- How to avoid common mistakes and commission traps
- How to activate and replenish your Vault
- How to multiply your dollars with the full system behind the strategy

You're fueled up and ready. Unlock the Launchpad at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code.

The greatest cost isn't inflation or taxes—it's **opportunity cost**. Don't let your dollars sit idle. Get your money working inside your Vault. Turn the combination. **Launch your freedom.**



"If I had a way of buying a couple hundred thousand single-family homes and had a way of managing them, I would load up on them."

— Warren Buffett

8

GEAR 3 – THE WEALTH ACCELERATOR

Turnkey Real Estate



The moment you shift from simply *earning* money to strategically *multiplying* it, everything changes. In the last chapter, you discovered how to turn one dollar into five dollars using the Vault. You saw how moving your money with precision, purpose, and compounding momentum creates an unstoppable wealth engine. Now it's time to take that system and explode your results.

The Real Estate Engine: Your Wealth Accelerator

You've heard that real estate builds wealth—but what you haven't heard is how to do it without losing money, time, or your sanity. In this chapter, you'll

discover the **four pillars** that real estate investors use to accelerate wealth and systematically reduce risk. You'll see why most people only capture one—and how the wealthy use real estate to control all four: **appreciation, cash flow, real tax advantages, and amortization.**

You'll learn why turnkey, single-family homes are the simplest, safest path to passive income and financial freedom—even if you're busy, new to real estate, or not handy with a hammer. You'll even unearth why the 30-year mortgage might be the most powerful tool you've been conditioned to fear. With this knowledge and the right market, team, and asset, you can stop speculating, start owning, and create a life where your money (and time) work for you.

What if a single dollar could produce not just one return, but multiple? What if your money could work harder, faster, and in more ways than you ever thought possible?

That's what happens when you pair the Vault with the right kind of real estate. And as you'll see in this final gear of the Passive Income Machine, this isn't just about making your money work harder—it's about building a system where you work smarter.

But let's be clear: This isn't the kind of real estate you learn about at weekend seminars. It's not what the high-priced coaches hype up on social media. Most of what you hear about real estate is about *doing* it. We're not here to *do* real estate. We're here to *own* it. We're not interested in rehabs, house flipping, or becoming landlords with another full-time job.

Because while financial freedom is measured in cash flow, it's experienced in *time*. You're not free if you've simply traded one grind for another—even if it pays more. The Passive Income Machine isn't about more work. It's about more life. And the key to unlocking that life? Thinking, acting, and building like an investor.

From CEO to Banker to Investor

You've taken ownership like a CEO. You've built leverage like a banker. Now it's time to build wealth like a true investor. Each of these identities marks a

critical evolution in your financial journey. As an investor, your job is to deploy that capital into real, income-producing assets that scale your freedom and accelerate your results.

At this point, you might think you're already investing. But the truth is—like most Americans—you've likely been misled. Wall Street hijacked the word “investing” and twisted it to serve their agenda. They've convinced generations of hardworking people that sending money into a 401(k) or mutual fund is safe, responsible, and wise—that by doing so, you're “investing in your future.” But that's not investing—it's something else entirely.

Investor Benjamin Graham, who has been called the “father of security analysis,” defined investing as parting with capital with the expectation of *safety*

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“When I joined this program, I had no idea it would completely change the trajectory of my life. I came seeking freedom from the slow death of a 9-to-5, but I gained so much more—certainty of financial freedom, the knowledge to build and compound generational wealth, and a community of lifelong friends and mentors. I went from scarcity—wondering if I'd ever have enough—to abundance, growing and stewarding our portfolio of assets.”

— Armando Z., California

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of principal and an *adequate return* in the form of interest, dividends, or rent. Think about that. The very first requirement of investing isn't a sexy Wall Street return. It's safety of principal. Does Wall Street offer that? Absolutely not. Your 401(k) or IRA can lose 30% in a single market correction and drop all the way to zero. There's no control, no protection, and no guaranteed income. That's not investing. That's speculating.

Wall Street is a casino—dressed in suits and jargon, selling retirement dreams through wordplay and illusion. You're told you're investing—but really, you're gambling. And like any casino, the house always wins.

True investors on Main Street operate differently. They back their decisions with real assets—assets that prioritize the safety of principal before any return is ever considered. Because of this, they rarely lose. They don't speculate. They build systems. They engineer outcomes. As an investor, you're no

longer chasing returns—you're creating reliable results, backed by strategy and substance.

Now that you're thinking like an investor, it's time to invest like one—by stacking returns, minimizing risk, and multiplying outcomes with precision.

How to Explode Your Wealth with the Four Pillars

What if a single investment could pay you not once, but four times—through four different, stacking rates of return that multiply your wealth with every turn? With every pillar you add, you don't just multiply your return—you reduce your risk. That's the hidden genius of this model. Real estate isn't about betting big. It's about stacking small, stable wins that add up fast.

That's the opposite of what Wall Street teaches. You've probably heard it a thousand times: "If you want a higher return, you have to take on more risk." That's only true when your investment is leaning on a single pillar—a one-trick pony hoping to beat the market.

It's like sitting on a chair with just one leg. Sure, it might hold your weight—but you're one wobble away from collapse. Now imagine that same chair with two, then three, then four solid legs. Each one adds stability. Each one supports the others. And suddenly, the whole thing becomes not just stronger, but more comfortable to sit on.

That's what these four pillars do for your investment strategy:

- *Pillar 1: Appreciation* – As the value of your asset increases over time, so does your equity.
- *Pillar 2: Cash Flow* – This provides regular income from rent, distributions, or dividends—money that shows up whether you work or not.
- *Pillar 3: Tax Advantages* – True tax advantages don't just delay taxes—they eliminate or reduce them by design. Think deductions, depreciation, and tax-free growth. Real estate isn't taxed like other assets—it's rewarded.

- *Pillar 4: Amortization* – Tenants pay down your mortgage and automatically grow your equity through principle paydown.
- *Wealth Accelerator: Leverage* – Leverage is the foundation beneath the pillars of wealth, and when used appropriately, it accelerates your results. It's the multiplier that amplifies every return. Without leverage, you're funding the entire investment yourself. With it, the bank provides most

of the capital, and your tenants pay off the loan—building equity for you month after month while you control the asset.

What is Amortization?

Amortization is the process of paying down a loan through regular scheduled payments, where each payment covers interest first and then reduces the principal. Over time, a larger share of each payment goes toward principal, steadily building your equity until the loan is fully repaid.

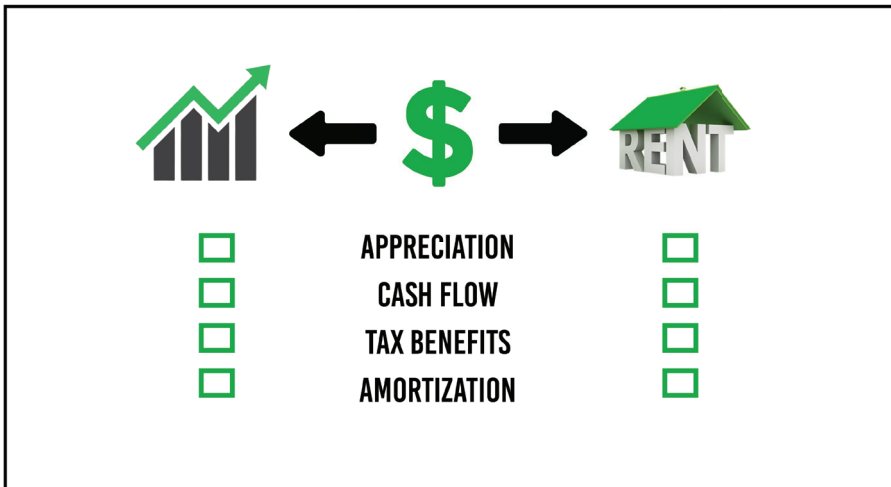


That's the power of the four pillars: multiple, independent returns that work together to accelerate your wealth—and stabilize your strategy. The more pillars you activate, the higher your ROI and the lower your risk. And when real estate is done right, it's one of the only asset classes capable of delivering all four returns inside a single investment.

To see just how powerful it is, let's compare the four pillars side by side. What happens when you put \$100,000 into a mutual fund—the most common path to retirement—versus putting that same \$100,000 into a piece of real estate?

A Four Pillar Analysis on Mutual Funds through an IRA

Let's say you have \$100,000 ready to invest. What happens if you drop it into a mutual fund—maybe inside a 401(k)? Let's examine how the four pillars show up (or don't):



Pillar 1 – Appreciation: Yes ☒

When you buy shares of a mutual fund, you're hoping those shares increase in value over time. If they do, and you sell them later for more than you paid, you've captured appreciation. This is where all the ROI in a mutual fund comes from—and it's based entirely on market performance and public perception. You have no control.

Pillar 2 – Cash Flow: No ☒

Mutual funds typically don't provide cash flow. Any income generated (like dividends) is usually reinvested automatically. This means your only real return is appreciation, and your money must sit still to grow.

Pillar 3 – Tax Advantages: No ☒

With Wall Street investments, you're either paying tax as you go—or deferring it inside an account like a 401(k) or IRA. Either way, you're losing money.

Pillar 4 – Amortization: No ☒

There's no debt involved in a mutual fund, which means there's nothing to pay down. No tenants. No amortization. No one else is helping you grow your equity. Your \$100,000 is doing all the work—on its own. And that means you're missing not just the fourth pillar, but the very foundation of the four-pillar system: leverage. Without it, you're stuck in the slow lane of wealth building. You can't leverage a mutual fund. Maybe your employer offers a "match," but that's not leverage. That's a carrot to keep your money trapped in a system that benefits someone else. It comes with no control, no leverage, and no multiplier effect on your money.

When your investment relies on just one pillar, you're in a precarious position. Your entire return depends on market performance—something you can't control—and public perception, which can shift in an instant. You're not investing with strategy. You're speculating with hope.

And because you're only earning one return, you're stuck playing the game of time. If you trade enough decades and the market cooperates, maybe you'll have enough to retire. But what if it doesn't go according to plan? What if the timing doesn't work out? What if you start late and only have fifteen or twenty years?

Now you're forced into riskier bets—hoping for big returns to make up for lost time. This is why retirement feels like a coin toss for so many people. You're playing a game with Vegas odds.

And this is also exactly why becoming a true investor matters. They never stake their future on a single pillar—or a market they don’t control. The four pillars shift the odds back in your favor. The more pillars you activate, the more stable your foundation becomes, the higher your return will be—and the lower your risk.

This isn’t really about beating the market. It’s about escaping the game altogether—and building a machine that wins no matter what the market does.

So let’s look at the other side of the equation. What happens when you invest that same \$100,000 into real estate?

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“As a single parent carrying the full financial burden, I used to feel uncertain and overwhelmed. The Money Mastery program and this community have completely changed how I view money, save, and plan for retirement—giving me the knowledge and confidence to trust my plan. Now I know I can leverage what I have to build a secure future for myself and my girls.”

— Celia C., Virginia

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A Four Pillar Analysis: The Power of a Single-Family Rental

Now let’s see the results when you invest the same \$100,000 into a single-family rental (SFR) home instead of a mutual fund. How many of the four pillars would you activate in a single investment?

Let’s put it to the test:

Pillar 1 – Appreciation: Yes

Just like Wall Street assets, real estate tends to increase in value over time. Yes, markets fluctuate. But single-family homes—tied to the fundamental need for housing—are consistently in demand.

From 1950 to 2025, the compound annual growth rate (CAGR) of U.S. single-family homes was 5.7%. Market pundits will often stop here and say, “See? The stock market outperforms!” But they’re missing the point—this is only *one* of four returns real estate produces. So, let’s look at the other three.

Pillar 2 – Cash Flow: Yes ✓

Unlike Wall Street assets, real estate can generate consistent monthly income. You collect rent—cash in your pocket—whether the property appreciates that year or not. That’s an entirely separate return.

Even in a down market, your property might dip in value—but tenants still need a place to live and, therefore, you still earn rent. That’s the magic of uncorrelated returns. Appreciation and cash flow work independently, allowing you to stack gains and multiply your ROI—without multiplying your risk. One pillar can dip while the others hold steady—or keep growing.

Pillar 3 – Tax Advantages: Yes ✓

Real estate flips the tax code in your favor. While most investments expose you to more taxes, real estate can eliminate them. The IRS doesn’t punish real estate investors—it rewards them. Over 30% of the U.S. tax code is dedicated to real estate, offering a blueprint to reduce, defer, or even eliminate taxes altogether. You can deduct depreciation. You can offset gains. You can even use real estate to generate tax-free income (as you’ll see in chapter 12 when we layer the Vault strategy with your rental portfolio).

With real estate, taxes aren’t a burden—they’re a weapon.

Pillar 4 – Amortization: Yes ✓

This is where real estate quietly shines. Every month, your tenant makes a rent payment, and a portion of that goes toward the principal on your mortgage. That means your equity grows automatically, month after month, even if the market goes flat. It’s not speculative. It’s not hopeful. It’s guaranteed.

You are literally forcing equity into your investment without using your own money. It’s one of the only *predictable* returns in all of investing—and it compounds over time like clockwork.

So, while others hope their assets go up in value, you’re steadily increasing the value of your portfolio every time rent is paid. That’s the hidden power of amortization: *steady, systematic wealth creation paid for by someone else.*

The Foundation Beneath It All: Leverage

Leverage is the force multiplier that touches and amplifies every other return. It magnifies appreciation, enhances cash flow, unlocks real tax advantages, and activates amortization.

Take just one of those pillars—appreciation—to see how this plays out in real life. Imagine you use \$100,000 to buy a single-family home in all cash. If that home appreciates by 5% in a year, you’ve earned a \$5,000 gain. Your return on appreciation is 5%. Simple enough.

But now let’s say you put just 20% down instead—that’s \$20,000—and you borrow the remaining \$80,000. The property still appreciates by 5%, increasing in value to \$105,000. You still earn that same \$5,000 gain—but now it’s measured against only your \$20,000 investment. That’s not a 5% return anymore—it’s 25%. You’re earning a return not only on your money but on the bank’s as well. It’s the same property and the same appreciation but *five times the return* because you used leverage.

$$\$100,000 \times 5\% = \$5,000 \text{ gain}$$

$$\$5,000 \div \$20,000 \text{ (your investment)} = \mathbf{25\% \text{ return}}$$

This is what makes leverage so powerful. With it, your \$100,000 doesn’t just buy a single \$100,000 property—it can control a \$400,000 asset, or even four \$100,000 homes. You retain full control and 100% of the upside, while the bank supplies the capital and your tenants effectively pay off the loan.

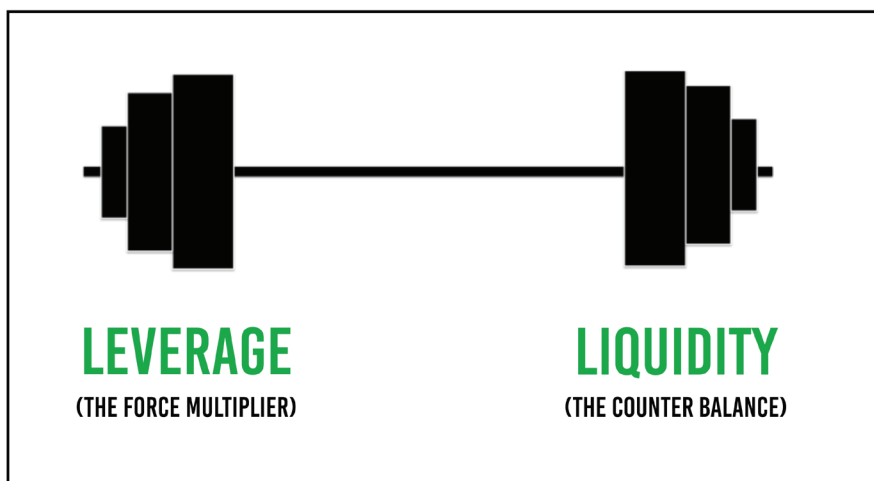
And leverage doesn’t increase your risk—it reduces it. You’re no longer relying on a single pillar to carry the load. You’re earning multiple returns on the same dollar, each one reinforcing the others and accelerating your wealth.

If one pillar slows down, the others keep working. If appreciation stalls, you still earn rent. If cash flow dips, your loan still gets paid, and depreciation still lowers your tax bill. The pillars aren’t dependent on each other—they’re independent engines of growth. But when all four are firing at once? You’re building wealth with unstoppable momentum.

The Hidden Half of Leverage: Building a Game You Can't Lose

But here's the part no one talks about: Leverage only works if you can stay in the game. And the fastest way to get knocked out of the game is a lack of liquidity. Most investors don't fail because of bad real estate—they fail because they overleverage and don't build reserves. One vacancy. One repair. One unexpected disruption—and the whole thing collapses. These aren't anomalies that can be eliminated by buying the right real estate, they are part of the game. And if you're not ready, they'll take you out.

That's why we teach the barbell strategy: On one side, you have leverage—the rocket fuel that scales your returns. On the other, you have liquidity—the ballast that keeps you grounded.



Liquidity is your permission slip to use leverage. It's what gives you staying power. It allows you to ride out short-term volatility and experience the long-term wealth that leverage makes possible.

If leverage helps you go fast, liquidity ensures you finish the race. And finishing is what really matters. It's not building the biggest portfolio the fastest or getting lucky on timing. Winning with real estate is staying in the game long enough to let compounding, leverage, and time do their work.

The Responsible Investor's Liquidity Framework

To use leverage wisely, you must plan for the inevitable: vacancies, make-readies, and repairs. Here are some guidelines to make sure you're prepared.

- Keep three to six months of mortgage payments in reserve for each property—until you reach ten properties. This covers income gaps from vacancies or disruptions.
- Beyond ten properties, the law of large numbers kicks in—your risk spreads across the portfolio.
- Keep at least \$10,000 in liquidity for make-ready costs—especially with one to ten properties. These are the expenses to prep a unit when a tenant moves out.

Reserve funds balance your barbell. They keep you in the game—and when you stay in the game, winning is inevitable.

Why Real Estate Wins Where Wall Street Fails

With each chapter, we've uncovered more of Wall Street's subtle deception. And here's another dirty secret they'd rather you ignore: inflation.

Inflation is the silent thief of your future wealth. When your money is parked in Wall Street accounts, inflation becomes a headwind—quietly eroding your purchasing power year after year. Wall Street gives you just one way to fight back: hope for appreciation. On the other hand, real estate gives you *four* distinct wealth-building pillars—plus one powerful amplifier—all working together at the same time. And that amplifier, (leverage) makes inflation one of your greatest allies. Here's how:

When you use leverage, you're not only using your own money to buy an asset—you're using the bank's. You get today's dollars to acquire a real, inflation-protected asset. Then, over the next thirty years, you gradually pay the bank back—with rent collected from your tenants and with dollars that become less valuable over time.

At the same time, the asset you bought *rises* in value and the dollars you repay *shrink* in value. That’s inflation working in your favor. While others are trying to outrun inflation, you’re turning it into profit. You’re converting the bank’s money into appreciating assets—and paying that debt back with cheaper future dollars.

That’s the hidden brilliance of real estate done right. Wall Street says higher returns require higher risk. But real estate proves you can achieve higher returns with *lower* risk—when your investments earn all four pillar returns.

Real estate pays you now and builds wealth for the future. It multiplies your upside and diversifies your outcomes. Then, thanks to strategic leverage, inflation makes you wealthier—rather than covertly eroding your wealth.

And unlike stocks, which companies can print like confetti, you can’t just create more homes. Housing supply is limited. Demand keeps rising. And single-family homes sit in the sweet spot—desired by both growing families and downsizing boomers alike.

When you combine a single-family rental with the Vault and strategic leverage, you don’t just get long-term wealth. You get cash flow, control, and freedom in a decade or less.

PILLAR	MUTUAL FUND (IRA/401K)	SINGLE-FAMILY RENTAL
Appreciation	✓	✓
Cash Flow	✗	✓
Tax Advantages	✗ Deferral Only	✓
Amortization	✗	✓
TOTAL PILLARS	1	4

Income-Generating Real Estate: The Road Less Traveled

Imagine standing at a fork in the road. One path is well-trodden, crowded, and slow—everyone’s trudging toward “someday.” It’s the path of conventional retirement planning.

Approximately seventy million Americans hold a 401(k) plan.¹ And more than 70% of those plan assets—whether in 401(k)s or IRAs—are invested in equity-based mutual funds.² This means the vast majority of retirement savings are exposed to stock market risk and appreciation.³

On the other path, which is less traveled and often overlooked, you’ll find income generating real estate. Only about 10–15% of Americans ever invest in it.⁴ But those who do gain access to something different: cash flow and true leverage. This is the narrow, elevated road that leads not just to accumulation but to **ownership**.

What does success in real estate actually look like in a single, simple deal? Let’s walk through it. Let’s make the math real.

Say you buy a \$200,000 rental property. You put 20% down—that’s \$40,000—and finance the rest with a 30-year mortgage at 6%. What kind of return can you expect?

Let’s walk through each of the four pillars.

Pillar 1: Appreciation

Real estate values generally go up over time. If your \$200,000 property appreciates just 5% in a year, that’s a \$10,000 gain. Since you only put in \$40,000 of your own money, that’s a *25% return* on appreciation alone.

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1. “401(k) Resource Center,” Investment Company Institute. <http://ici.org/401k>
 2. “Release: Quarterly Retirement Market Data,” Investment Company Institute. https://www.ici.org/statistical-report/ret_25_q1
 3. “ICI Viewpoints,” Investment Company Institute. <https://www.ici.org/viewpoints/22-view-iras>
 4. “Real Estate Numbers You Should Know for Property Investment Success,” Bay Property Management Group. <https://www.baymgmtgroup.com/blog/real-estate-numbers-property-investment-success/>

Given that between 7–20% of Americans report passive or rental income, it’s reasonable to say that around 10–15% invest in income-generating real estate—an exclusive group tapping into control, cash flow, and true leverage, unlike the majority.

Pillar 2: Cash Flow

After paying your mortgage and all expenses, let's say you clear \$200/month in net income. That's \$2,400 a year. On your \$40,000 investment, that's another **6% return**—and that's cash in your pocket.

Pillar 3: Tax Advantages

Thanks to depreciation, your \$2,400 in cash flow may be fully sheltered from taxes. If you would've paid 20% in taxes otherwise, that's a \$480 tax savings. On a \$40,000 investment, that's another **1.2% return**.

Pillar 4: Amortization

Each month, a portion of your tenant's rent is paying down your mortgage principal. In the first year, that might be around \$2,000. That's equity in your pocket—a **5% return** on your original investment.

Now let's add it up:

- Appreciation: **25%**
- Cash Flow: **6%**
- Tax Advantages: **1.2%**
- Amortization: **5%**
- **Total ROI in Year 1: 37.2%**

Let that sink in. That's not a projection. That's not a someday fantasy. That's the math today—on a single property. When structured properly, this is what the Passive Income Machine looks like in motion.

You didn't have to pick just one return. You got all four—working together—because you used leverage strategically. But it doesn't stop there. This is just the real estate. Remember—your down payment came from the Vault. That means the same \$40,000 you used to acquire the property is still compounding—tax-free—inside your Vault. Real estate is growing your wealth. The Vault is protecting it and multiplying it behind the scenes. You're earning two returns on the same dollar at the same time.

That’s the power of not just buying assets—but building a comprehensive wealth system. You don’t have to rely on market timing. You don’t have to cross your fingers and hope it works out. You don’t even have to wait thirty years. Real estate pays you now and builds wealth for the future. It multiplies your upside, diversifies your outcomes, and inflation works in your favor instead of silently stealing your purchasing power like it does on Wall Street.

You just saw how a 5% gain turned into a 37% ROI. And that’s just one investment. Now imagine stacking several of these investments. Imagine never interrupting the compounding of your cash again. This is how you escape the rat race in ten years or less. This is the game you can’t lose.

INVESTMENT EXAMPLE: \$200K PROPERTY WITH \$40K DOWN

PILLAR	RETURN	ANNUAL ROI	NOTES
 Appreciation	\$10k	25%	5% Property Appreciation on Total Value
 Cash Flow	\$2,400	6%	\$200/Month Net Income
 Loan Paydown	\$2,000	5%	Principle Reduction Paid by Tenant
 Tax Savings	\$480	1.2%	Depreciation Offsets Taxes on Cash Flow
 Total ROI	--	37.2%	All 4 Pillars Combined
 The Vault Bonus	--	+Dual Compounding	40k Still Growing Tax-Free Inside your Vault

Own Real Estate—Don’t Do Real Estate

Did you know that 90% of all self-made millionaires have one asset class in common? I bet you can guess what it is—real estate.⁵ Gold star for you.

Look at the wealthiest people in history—Rockefeller, Carnegie, Buffett, and even modern titans like Robert Kiyosaki, Barbara Corcoran, and Brandon

5. “The Rise of Multi-Millionaires Through Real Estate Investing,” 208 Properties, Oct 14, 2024. <http://208.properties/real-estate-insights/real-estate-investing-creates-multimillionaires>

Turner. They all own real estate. But real estate is not just for billionaires. Right now, over 50% of the real estate being purchased isn't for primary residences—it's being acquired by investors.

While the masses are blindly funneling money into 401(k)s, the smart money is quietly flowing from Wall Street to Main Street—into boring, simple, single-family homes. So why aren't more people following suit?

Because they've been lied to. They've been told real estate is risky. Or worse—that the only way to do it is to hustle nights and weekends as a second job. But there's a better solution.

Don't worry if this has been you. It was me, too.

Let me tell you how it all started.

Ready to See the Full Picture?

If this one example opened your eyes, wait until you see the full stack over time. Inside the Launchpad, we break down how these four pillars compound year over year—so you can see exactly how a single property can accelerate your path to financial freedom.



Run the numbers for yourself and discover why escaping the rat race in ten years or less isn't a fantasy—it's a mathematical *reality*. Check it out now at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code.

The Truth About Passive Income & Why I Almost Quit

Ryan Lee

If you've always believed getting into real estate would mean an insane amount of extra work, don't worry—that's what I believed for a long time too. When I first got into real estate, I thought I was doing everything right. I had read *Rich Dad Poor Dad* and *Creating Wealth*. I knew real estate was the path to

financial freedom. So without much of a plan—just a whole lot of enthusiasm—I started buying properties.

At first, it felt amazing. I bought my first rental and walked into work the next day feeling like a real estate mogul. My second property made me a little nervous, but I powered through it.

Then I bought my third—and that’s when things started to unravel. Before long, real estate wasn’t accelerating my freedom—it was *consuming* it. Instead of working less, I was working more. Instead of having less stress, I had double. Instead of building freedom, I had created another job.

I was burning nights and weekends chasing deals, managing repairs, screening tenants, and chasing down rent. And here’s the worst part: I wasn’t even good at it.

I was too slow at finding deals. Renovations ran over budget and over time. And when a property was finally rent-ready, the headaches were just beginning. I was soon dealing with late rent, broken appliances, clogged drains, and midnight phone calls. Or even worse, I was confronted with *silence*—no calls, no rent, just stress.

And I was too nice. Tenants gave me sob stories, and I believed them. I paid rent out of my own pocket just to keep the peace. I was losing money, time, and my sanity—all in the name of “financial freedom.”

Then came the final straw. At the time, I still had my day job selling medical equipment. One day, I was leading a high-stakes sales meeting in a hospital boardroom in South Dakota—standing in front of a room full of doctors and execs—when my phone blew up. My phone’s ringtone had already begun to trigger my anxiety. I knew that every ring was probably a tenant issue. But this time, it was different. The calls wouldn’t stop.

I finally excused myself, which cost me the sale, and stepped into the hallway to check my messages.

- First voicemail: My tenant’s wife, sobbing, “Please don’t evict us. We won’t do it again.”
- Second voicemail: My tenant, yelling and cursing.

- Next few: Angry neighbors threatening to sue.
- Last one: A police officer. “Son, you better call me back. You’ve got a problem.”

I was shaking. I called the officer. And what he said almost made me pass out. My tenant had *shot* the neighbor’s cat. For walking on “his” lawn.

I was standing in a hospital hallway wondering if I should just check myself into the ER. My financial plan was collapsing around me. I had done everything they said—buy rentals, collect rent, and build passive income. But I was drowning. I had two full-time jobs, constant stress, and no real plan forward.

I wanted to quit.

Thankfully, before I started, I had hired a real estate coach. At the time, I didn’t listen to most of what he told me. I thought I knew better. Now, I had no choice. I called him.

I vented, unloading everything. He listened. Then he said something I’ll never forget: “Ryan, you learned the first lesson—‘savers are losers.’ But you forgot the second—the rich don’t work for money.”

That’s when it hit me: I had been working for money. Just like in my job but with even more stress. This wasn’t freedom—this was another prison. And that’s when I realized the truth: I didn’t need more rentals. I needed a system. One where I could do the work once and get paid over and over again.

A Passive Income Machine.

Like Warren Buffett said, “If you don’t learn how to make money while you sleep, you’ll work until the day you die.” I finally understood. You can make great money *doing* real estate, but you’ll never be free.

And that’s when I discovered a better way: *owning* real estate without *doing* real estate—a way to keep the upside and ditch the downside. To own the four pillars of wealth—without trading your time or sanity for it.

That path is turnkey real estate. Let me show you how it works.

The Ultimate Leverage: Turnkey Real Estate

Please allow me to reemphasize: this strategy is not about becoming a landlord, flipping houses, or watching HGTV until midnight. You're not *doing* real estate. You're *owning* it. And that distinction changes everything. If your investing strategy forces you to trade time for returns, you're not buying freedom—you're buying another job. And the Passive Income Machine is about building *freedom*.

We live in a world where nearly everything can be delivered—meals, prescriptions, doctors, even dates. Technology has flattened geography and eliminated excuses. You can order groceries from Instacart and have them delivered to your home in California, talk to your doctor in Texas, and buy a rental property in Florida—all before lunch.

Turnkey real estate is the natural evolution of this shift. It's the move from DIY investing to *done-for-you* ownership. It allows you to live where you live and invest where the numbers make sense. Because let's face it—many major metro markets are overpriced. If you try to buy a single-family home in Los Angeles or Seattle with a standard 80/20 loan, you'll find yourself cash-flow negative from day one. That's not investing. That's gambling on appreciation.

But America is not a single market. It's a collection of thousands of sub-markets, and hidden within them are pockets of opportunity—places where home prices are reasonable, demand is high, and the numbers pencil out. Turnkey lets you tap into those markets—without moving, without becoming a landlord, and without trading your nights and weekends for clogged drains and broken appliances.

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"I'd been buying rentals since 2005 and later learned about combining whole life insurance with real estate. In 2019, I found the Money Mastery program—the missing piece that gave me a clear path and the right turnkey partners to grow my portfolio. Now I have the strategy and guidance I'd been searching for on my own."

— Anthony S., West Virginia

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What Is Turnkey Real Estate?

If you search the term “turnkey real estate,” you’ll see a hundred different definitions—and most of them miss the point. So let’s define it clearly. Turnkey real estate is a strategy where you buy a fully renovated, rent-ready property from a company that’s already done the hard work—acquisition, rehab, tenant placement, and often ongoing property management.

You own the property. You collect the cash flow. They do the work.

These providers aren’t working for free—they make money on the acquisition, renovation, and property management—but that’s the tradeoff. You’re leveraging their time, team, and expertise so you can invest without becoming the expert yourself.

In fact, that’s the entire advantage.

You don’t need to be the negotiator, the contractor, the handyman, or the leasing agent. You just need to know what winning looks like and work with a team that knows how to deliver it. You’re not managing properties—you’re managing expectations.

Some people think that if you’re not swinging hammers or negotiating deals yourself, you’re not “really” investing. That’s nonsense. Real investing isn’t about doing all the work—it’s about owning the right system.

You probably don’t bake your own bread, sew your own clothes, *and* build your own car. Why? Because experts do it better, faster, and more efficiently. Turnkey isn’t about *laziness*—it’s about *leverage*. You’re not avoiding the work. You’re strategically assigning it to someone else while keeping the upside.

That’s what real entrepreneurs do. They build systems. They delegate. They scale. So stop trying to be the handyman, the contractor, the property manager, and the landlord all in one. Let experts do expert work—while you own the results.

Where I Got It Wrong

Robert Allen

Through his company Wealth Outside Wall Street, Ryan has helped thousands of investors reclaim the four pillars of wealth through a smarter system. With well over three thousand homes placed into the hands of everyday investors, the Passive Income Machine isn't just a theory—it's a track record of freedom, one turnkey property at a time.

But years before Ryan got started, even I had to learn this the hard way. Why hadn't I thought about turnkey real estate when I wrote *Nothing Down* and *Creating Wealth*? Well, thirty or forty years ago, there were almost no turnkey providers. They hadn't been invented yet.

Back then, if you wanted real estate, you had to find it, buy it, fix it, rent it, and manage it yourself. There were no teams. *You* were the team. The system I taught in *Creating Wealth*—the one Ryan read when he first got started—was actually the opposite of what he teaches now with the Passive Income Machine.

It starts with the same goal: buy two single-family homes a year for ten years. But the method is completely different.

Let me show you what I mean:

- **Then:** Never pay retail. Buy from motivated sellers. Make money when you buy.

Now: It's okay to pay retail—for a fully renovated, rent-ready home in the right market, handled by professionals. The system is the return.

- **Then:** Use little or no money down.

Now: Use 20–25% down and a 30-year fixed loan for predictability and simplicity.

- **Then:** Only buy locally—within fifty miles of home.

Now: Buy anywhere the numbers work. Geography doesn't matter when your team is solid.

- **Then:** Complete renovations yourself—avoid professionals.

Now: Let pros do what they do best. You focus on what you're good at and buy done-for-you real estate.

I'll be honest—when I first heard Ryan explain the turnkey concept, I was offended. *Pay retail? Put 25% down? Buy two thousand miles away?* It took me a while to absorb it. But he was right.

This strategy is perfect for professionals and entrepreneurs who don't want a second job but still want financial freedom. They already have income. They already have focus. They just need a vehicle—and someone else to help drive it.

Done right, turnkey real estate gets you *immediate* cash flow, with appreciation, tax benefits, equity build up, and leverage layered in. Yes, the provider makes a profit—but the investor builds wealth with speed and peace of mind.

Over ten years, that \$400,000 retail property will be worth far more. The cash flow and equity will grow. The price difference won't matter—but the freedom will.

With twenty of these properties in your arsenal? You're free.

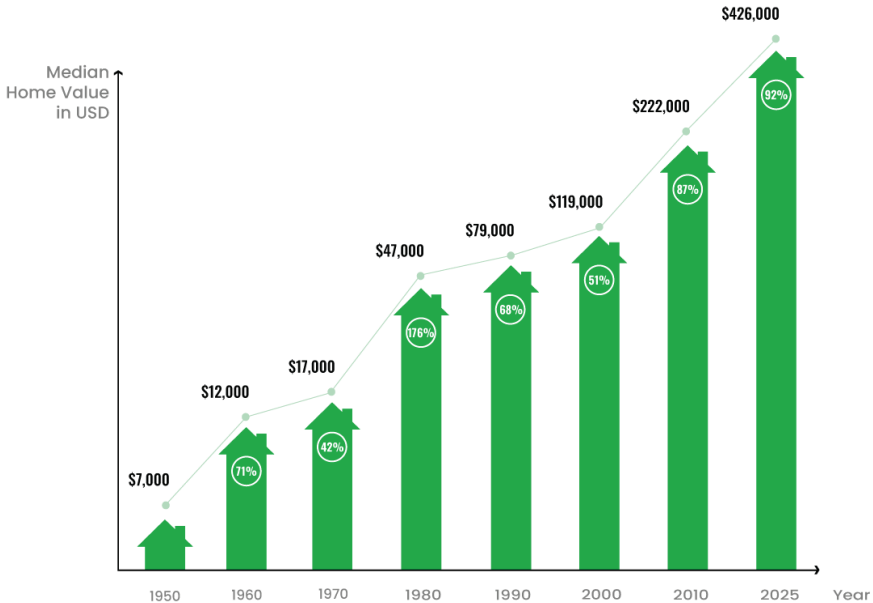
Real Estate + Time = Wealth

This strategy works in every decade and in every market. Real estate doesn't just cash flow—it grows. In 1950, the median three-bedroom, two-bathroom home in the U.S. cost just \$7,000. Today, it's over \$425,000. That's not speculation—it's basic economics: time, inflation, and demand.

Here's what it looks like broken down by decade:

- **1950 to 1960:** Home values rose from \$7,000 to \$12,000 — a 71% increase.
- **1960 to 1970:** \$12,000 to \$17,000 — a 42% increase.
- **1970 to 1980:** \$17,000 to \$47,000 — a 176% increase.
- **1980 to 1990:** \$47,000 to \$79,000 — a 68% increase.
- **1990 to 2000:** \$79,000 to \$119,000 — a 51% increase.

- **2000 to 2010:** \$119,000 to \$222,000 — an 87% increase.
- **2010 to 2025:** \$222,000 to \$426,000 — a 92% increase.



Even the 2008 crash didn't stop it. From 2000 to 2010—including the Great Recession—home values still nearly doubled, proving the power of owning an always-in-demand asset and letting time make you wealthy.

Single-family homes are always in demand because people will always need a place to live, and nothing meets that need better. Today, the U.S. is short nearly five million homes—and new construction is slowing. Less supply + more demand = higher values. This is why real estate is the growth engine inside the Passive Income Machine. And it's why turnkey, single-family rentals aren't just a good idea—they're the foundation of your financial freedom.

What's even better news is this: you're already more prepared than you think. You've lived in single-family homes. You know what a good neighborhood looks like. And because this strategy isn't about timing the market, success comes from buying right—and letting time do the work.

The Formula to Passive Success in Turnkey Real Estate

The formula for success in turnkey real estate includes the right assets, the right market, and the right team. The right assets are cash-flowing, single-family residences (SFRs) that work with leverage and generate solid returns.

People often ask, “Why single-family homes? Why not multifamily or big apartment complexes?” Well, let’s remember our goal: freedom with the least amount of time, effort, and mental energy. You already understand single-family homes—most of us have lived in them. You know what a good market and a good house look like. And, as we mentioned earlier, they’re the most in-demand form of real estate in America. SFRs are the easiest way to get rich without becoming a real estate professional.

Next, you need the right market. This refers to economically strong, landlord-friendly regions with job growth, rental demand, and affordable prices.

Finally, you need the right team composed of trusted turnkey providers and management partners with real integrity and verifiable success. Real estate isn’t always a straight line, but with the right people in place, it doesn’t have to be a roller coaster either.

You can make money in real estate when you buy the right property, in the right market, with the right team. Get those three things right, and you’re positioned to capture all four pillars of wealth—appreciation, cash flow, tax benefits, and principal paydown—without trading your time to do it.

But here’s a word of warning: Turnkey investing can feel like the easy button—and when done right, it absolutely is. But don’t mistake easy for automatic. There are plenty of sharks in the water—shiny brochures, polished websites, and fast-talking operators promising double-digit returns with zero risk. We’ve seen it all. After being involved in thousands of deals over the last decade, we know that real estate can build incredible wealth—or it can turn into an expensive lesson.

Here’s why: leverage cuts both ways.

If you buy the wrong property in the wrong market with the wrong team, your downside is amplified just as much as your upside would've been. This is why for every success story in real estate, there's a horror story right behind it.

But you don't need to play this game alone. That's the power of a network. That's why we created **Money Mastery**—a results-driven investment community designed to help you build and scale your Passive Income Machine. In this community, we equip you with real education, connect you with real deals and trusted operators, and surround you with people who are walking the same path to financial freedom. This isn't theory—it's implementation, accountability, and real results.

And we've helped thousands of Empire Builders do exactly that.

One Asset at a Time—Toward Real Freedom

Now that you understand the true power of real estate—and how to do it passively, with the goal of creating time freedom—the only real risk is *not* doing it.

When Wall Street pundits call real estate “risky,” ask them, “Compared to what? Is it riskier than handing your future over to a 401(k) you don't control? Riskier than betting on markets you can't predict? Riskier than working for forty years and hoping it all works out?”

While your coworkers chase returns on paper and stress over market swings, you'll be quietly collecting checks from four different pillars—building real wealth that doesn't depend on the stock market's mood. They may say you're doing it wrong, but let your results do the talking. While they stay trapped in dependency, you're choosing independence.

You're not speculating anymore. You're designing a life. You're becoming an Empire Builder and stacking one income-producing asset at a time to build freedom that lasts. And in the next chapter, you'll see just how powerful that shift really is—because the turnkey home isn't the real asset. It's just the gateway. But it unlocks your ability to earn six figures of tax-free income for life.

Don't Just Learn the System—Build It

This chapter gave you the blueprint: **Earn ➔ Keep ➔ Multiply**. Now it's time to put the Passive Income Machine® into motion in *your* life. Inside the Launchpad you'll get,

- A clear framework to plug in all three gears
- Special access to our Empire Builder software to analyze real estate deals & determine which ones fit the Passive Income Machine criteria
- A deep dive into the four pillars of wealth creation, showing how real estate consistently delivers double-digit returns with less risk
- The exact system we've used to help thousands build a life of financial freedom



Don't miss this incredible, free resource! Unlock your Launchpad resources now at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code.

You've seen the blueprint. Now build it—and launch your freedom.

“Intelligent people make decisions based on opportunity cost—in other words, it’s your alternatives that matter.”

— Charlie Munger

9

AUTOMATIC WEALTH

Harnessing the Wealth Forces to Win by Design

In chapter 3, we revealed a vital truth: most people are unknowingly fighting against the very forces that shape wealth. Inflation, taxes, interest rates, and opportunity cost aren’t just background noise—they’re the currents of the financial world.

These forces are neutral. Like the wind, they blow constantly—but it’s your financial positioning that determines whether they push you forward or hold you back. Misalign your capital, and they erode your progress. Align it with intention, and these forces become the tailwinds accelerating your wealth.

In this chapter, you’ll flip three of the most misunderstood forces—**taxes**, **inflation**, and **opportunity cost**—from wealth destroyers into wealth multipliers. You’ll learn how to make taxes work in your favor, how to harness inflation instead of fearing it, and how to reclaim opportunity cost.

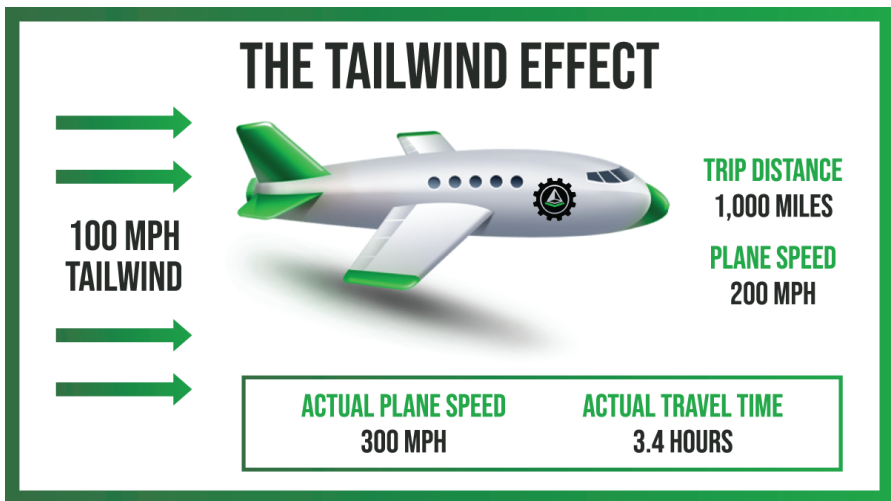
Once you know how to realign your capital so the Wealth Forces no longer fight against you, the Passive Income Machine shifts into high gear—and you start playing a game you can’t lose.

The Power of Alignment: Turning Headwinds into Tailwinds

Remember the airplane analogy from chapter 3? The one where your plane—capable of cruising at 200 mph—was stuck crawling forward because of a brutal 100 mph headwind? You were working just as hard, burning fuel, staying in the air—but barely making progress.

That’s how most people experience wealth-building. They grind for decades while inflation eats their purchasing power, taxes siphon their growth, rising interest rates restrict their options, and opportunity cost quietly compounds. They’re flying into the wind.

But when that same wind shifts behind you, resistance becomes momentum. Your plane doesn’t just regain its full speed—it gains an extra 100 mph of thrust. Suddenly, what once felt like a slow, grinding journey shifts into hyperdrive—collapsing time and propelling you forward faster than ever, without any extra effort.



That’s what happens when you align your money with the four Wealth Forces. When you reposition your dollars through the Vault and turnkey real estate, those same forces that once slowed you down begin to accelerate you forward.

The wind hasn't changed—you have. Your strategy has. And now it's time to see exactly how this alignment transforms your trajectory.

Tailwind #1: Taxes – Build Wealth the IRS Can't Touch

The first step to turning taxes from a headwind into a tailwind is shifting your perspective. In a perfect world, we wouldn't pay any taxes. But in the real world, taxation isn't going away—so the key is learning how to make the system work for you, not against you.

The tax code is just a giant book of incentives. It's not designed to punish—it's designed to guide behavior. The IRS uses the code like a carrot on a stick, rewarding those who invest in ways that support and grow the economy.

That's where the Passive Income Machine stands apart. The two core gears—The Vault and turnkey real estate—are naturally aligned with those incentives. Instead of positioning your money against the tax code (like most traditional strategies do), they align your wealth with it—unlocking powerful advantages the average investor never sees.

The Vault Changes the Game—Because It Predates the Game

Cash-value life insurance isn't some trendy financial product—it's a time-tested financial instrument that's been quietly compounding wealth for centuries. Versions of life insurance date as far back as the Roman Empire, when burial societies pooled funds to care for families after a loved one passed. The first American life insurance company was founded in 1759, nearly two centuries before the U.S. tax code was established in 1913.

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"I discovered the Money Mastery program in my mid-fifties after major financial setbacks, including an expensive divorce. I dove in with both feet, applied what I learned, and began building my Passive Income Machine one asset at a time. Just six years later, I've achieved financial freedom—and this proves anyone, at any age, can do it."

— Scott S., Colorado

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That matters. Because while most financial products were created *after* the tax code and must fight to find legal shelter, life insurance was grandfathered in. It existed long before tax law—and as a result, much of the tax code was literally written *around* it. That's not a loophole. That's structural alignment.

Why is it so favored? Because life insurance delivers a net benefit to the economy. When someone dies, their economic productivity disappears. Without life insurance, families often fall on the government for support. But with insurance, that burden shifts from public welfare to private provision. The death benefit replaces lost income, stabilizes families, and supports long-term financial health. In short, it solves a problem the *government* would have to deal with otherwise.

And when that policy is designed the right way—like the Vault—it becomes not just a death benefit but a powerful living benefit. Unlike a 401(k), you're not deferring taxes into an uncertain future. You pay tax once—on the seed—and harvest the fruits tax-free. Your money grows uninterrupted, can be accessed without penalty, and remains completely outside the reach of the IRS when properly structured. It's not some workaround or a tax loophole. It's a structural part of the tax code.

The Vault doesn't just reduce taxes—it eliminates them in a way that's legal, proven, and backed by centuries of financial performance.

Turnkey Real Estate: Tax Code-Approved Wealth Acceleration

Real estate isn't just a smart investment—it's baked into the tax code as a tool for building wealth. With powerful advantages like depreciation, write-offs, and 1031 exchanges, you can legally shield your income and gains year after year. Rental income can be offset. Capital gains can be deferred. Equity can be harvested through cash-out refinances—often with zero tax liability.

Why? Because housing is a foundational societal need. The IRS uses tax incentives to encourage investors to step in where the government can't—by

creating quality housing. In return, you're rewarded with a tax code that's stacked in your favor.

Debt Is Money—If You Know How to Use It

As Robert Kiyosaki puts it in *Rich Dad Poor Dad*, “Debt is money.” Most people misunderstand this. They use debt to consume—to buy what they can't afford, then trade their future income to pay off depreciating goods, plus interest. That's a trap.

But for investors, debt becomes a tool. When used to acquire income-producing assets like turnkey real estate, it doesn't create liability—it creates leverage. And when paired with real estate's unique tax treatment, it often results in tax-free income—something we'll break down in detail in chapter 12.

Flip Your Tax Trajectory Forever

When you combine the Vault with turnkey real estate, you don't just reduce your tax bill—you transform your entire wealth trajectory: Your income becomes tax-free. Your growth is tax-sheltered. Your wealth stays yours. You pass along your wealth to the next generation tax efficiently. It's not just about saving more on taxes. It's about compounding faster, without the IRS siphoning off 30–40% of your gains year after year.

When you shift from tax-deferred to tax-free, from slow accumulation to accelerated growth, you stop playing defense and start winning the tax game by design. That's when taxes flip from a drag on your wealth to a tailwind—powering your journey to financial freedom automatically.

Tax Tailwind Summary

- Pay tax once—then grow and compound your wealth 100% tax-free.
- Access capital anytime, without triggering taxable events.
- Use the Vault and real estate to legally shelter both active and passive income.
- Build lifelong income streams the IRS can't touch.
- Pass on a tax-free legacy—preserving more wealth across generations.

This is the wealth game the wealthy are already playing—and now, so can you. When you understand the tax code you stop deferring your tax liability and simply start eliminating it altogether.

Tailwind #2: Inflation – From Wealth Destroyer to Multiplier

As we uncovered in chapter 3, inflation is a hidden tax—one that quietly erodes your purchasing power over time. It's not levied by the IRS, but by the Federal Reserve and the Treasury through unchecked money printing. Rather than taking money from your bank account, inflation steals from your wallet by making your dollars worth less every year.

But what if inflation—this so-called destroyer of wealth—could become one of your most powerful allies?

Here's the secret: inflation hurts savers, but it rewards owners. When you understand what causes inflation, you can stop reacting to its effects and start aligning with its cause.

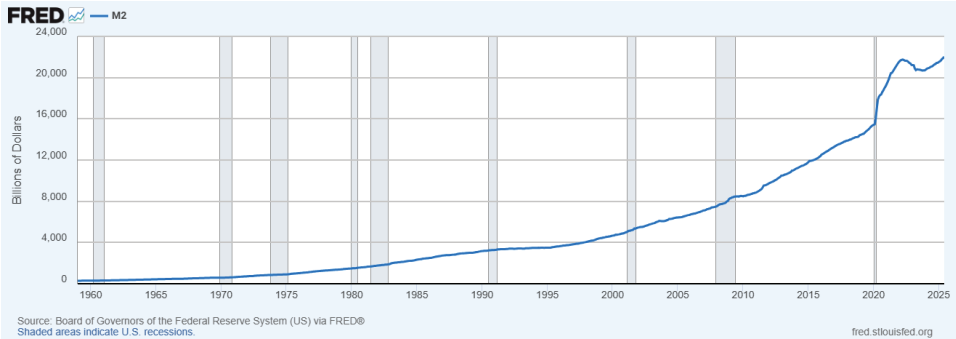
At its core, inflation is the result of one thing: the supply of money expanding faster than the supply of goods and services. It's monetary dilution. And since 2000, the dilution has been staggering. Economists track this expansion in the money supply through two main measures: M1 (cash and checking) and M2 (M1 plus savings). And since 2000, both have exploded.

- **M1 Money Supply** (checking accounts & cash): **↑ 1,600%** — from \$1.1 trillion to over \$18.6 trillion
- **M2 Money Supply** (M1 + savings): **↑ 375%** — from \$4.6 trillion to \$21.8 trillion¹

This isn't a temporary glitch. It's the system working exactly as designed. So, what does that mean for you? It means you must choose: let inflation destroy the value of your savings—or learn to profit from it.

1. "US M1 Money Supply," *Y Charts*, June 2025. https://ycharts.com/indicators/us_m1_money_supply

M2 Money Supply, 1960–2025: How Broad Money Exploded²



Here’s how inflation becomes a tailwind when you build with the Passive Income Machine:

1. Stay Liquid & Ready to Deploy

When Robert Kiyosaki says, “Savers are losers,” he’s calling out a broken system—one in which locking your money away in traditional savings or the stock market leaves you losing ground to taxes and inflation. You can’t win the game of money by sitting on the sidelines. Winning requires motion—and liquidity.

That’s where the Vault changes everything. It’s your personal war chest. Your capital compounds tax-free, remains protected from market volatility, and earns interest that often rises with inflation. Most importantly, it stays liquid and leverageable—ready to deploy when opportunity strikes. The Vault allows you to benefit from inflation by earning higher interest while maintaining access to your capital through a private line of credit.

2. Use Inflation-Linked Debt to Your Advantage

The economy runs on spending—and spending runs on credit. When borrowing is cheap and accessible, the economy expands. When interest rates rise and access dries up, spending stalls.

² Federal Reserve Bank of St. Louis. M2, June 2025 <https://fred.stlouisfed.org/series/M2SL>

An Empire Builder understands this dynamic and uses debt as a wealth-building tool, not a burden. But instead of using debt to buy things that depreciate, they use it to acquire assets that produce income and rise in value.

Take Robert Kiyosaki for example. He proudly shares that he carries over \$1.2 billion in debt, and together with his business partner, Ken McElroy, they hold around \$2 billion in real estate debt—all strategically employed to build wealth through income-generating assets.³ To the financially uneducated, that might sound insane. But behind that debt sits assets with intrinsic value, real demand, tax advantages, and inflation-driven appreciation. That debt didn't trap him—it freed him.

Here's why: when you borrow today's dollars at fixed rates and repay them over time with inflated, weaker dollars, inflation works in your favor. Your debt stays the same—but the dollars used to repay it become cheaper with every passing year.

And it gets even better. Inflation doesn't just erode the cost of your debt—it lifts your cash flow too.

As inflation rises, so do rents. In fact, rents are one of the first prices to rise in an inflationary economy, especially for housing in high-demand areas. That means your monthly income grows while your mortgage stays fixed, increasing your profit margin and accelerating your wealth.

This is what we mean when we say **real estate is a hedge against inflation**. You're protected on both sides:

- Your debt gets lighter.
- Your income gets stronger.

This is what happens when you stop fearing debt—and start wielding it. With the right strategy and the right asset, debt becomes a wealth weapon that builds equity, generates cash flow, and works harder the higher inflation goes.

3. Christy Bieber, "Robert Kiyosaki and Ken McElroy have \$2 billion in debt between them, but they're not worried. How debt can grow wealth," *Yahoo! Finance*. <https://finance.yahoo.com/news/robert-kiyosaki-ken-mcelroy-2-100000466.html>

3. Convert Cash into Real Assets

Your mission as an Empire Builder is to turn depreciating dollars into appreciating, income producing, assets. Real assets—like turnkey real estate—have intrinsic value, generate cash flow, and rise in price as inflation drives up the cost of living.

Home prices don't just climb for no reason—they move with the money supply. When more dollars flood the system, each one buys less, and real assets like housing naturally adjust upward. In fact, a recent study showed that from 1980 all the way through 2023, home prices have closely tracked the growth of the U.S. money supply, with the link becoming even stronger over the last decade.⁴

Even better, they can be collateralized to unlock more capital without triggering taxes. With just one turnkey asset, you can let inflation quietly compound your wealth year after year automatically.

As we explained in chapter 8, an ordinary property with leverage can produce a first-year return of 37% or more. That's nearly double what Warren Buffett averages annually—and he's one of the smartest stock market investors in history.⁵ Remember the bridge metaphor from earlier chapters: when you pull your money off Wall Street, you cross from speculation to ownership. Real assets put you in control.

Don't fight the system. Beat it at its own game.

Tailwind #3: Interest Rates – Using Fake Money to Build Real Wealth

In the new economy, interest rates are the price of money. To understand how this works, let's look at a simple example. Imagine you're Home Depot. You buy a shovel from a manufacturer for \$1 and put it on your shelf for \$10. That's

4. "House Price vs. Money Supply in the United States (1980–2023)" Econovis, June 27, 2024. <https://www.econovis.net/post/house-price-vs-money-supply-in-the-united-states-1980-2023>

5. "Berkshire Hathaway Returns," SlickCharts. <https://www.slickcharts.com/berkshire-hathaway/returns>

a \$9 profit—a 900% return on cost. You didn’t make the shovel or dig any holes. All you did was buy low and sell high.

Banks “buy” money from depositors—like you—by offering a small interest rate, maybe 1% or 3%. Then they “sell” that same money by lending it out at a much higher rate—say 8% for a car loan or 17.9% for a credit card.

Let’s say your bank pays 3% interest on your savings account. Then they lend that same money out as an 8% auto loan. The borrower pays 8%—you get 3%—and the bank keeps the 5% spread. That’s a 167% markup on the cost of money. The difference between what they pay and what they charge is called interest rate arbitrage. It’s just a fancy way of saying buy money cheap, sell it high, and keep the spread.

And it gets crazier. During years when banks paid next to nothing in interest—let’s say just 0.05% on deposits—they were still able to lend that same money out on credit cards at rates as high as 23.99%.⁶ That’s not just a good deal—it’s a financial goldmine.

The markup from 0.05% to 23.99% isn’t just a small spread—it’s a 47,880% markup. Imagine buying a cup of coffee for a nickel and selling it for \$49. That’s the scale of profit we’re talking about. This isn’t accidental. It’s how banks are designed to operate: using other people’s money to generate massive returns. And here’s the lesson: If they can do it with your money, you can learn to do it too—with theirs.

Interest is just pricing power. And once you understand that, you can use it to your advantage—just like the banks do. As an Empire Builder, your job is to acquire money at one price (the borrowing rate) and use it to buy a real asset that produces a higher return. When you do that, you’re not just playing the bank’s game—you’re beating them at it.

The Hidden Wealth in Real Estate

Real estate isn’t just about owning property. It’s about accessing leverage. Today, you can get up to ten government-backed, 30-year fixed mortgages

6. Ben Woolsey, “Average Credit Card Interest Rate for August 2025: 23.99% APR,” Investopedia. <https://www.investopedia.com/average-credit-card-interest-rate-5076674>

through Fannie Mae and Freddie Mac. Married couples filing jointly can secure up to twenty of these loans. Even after that, commercial banks and Debt Service Coverage Ratio (DSCR) loans unlock further leverage.

Banks are always happy to lend to savvy investors who know how to play the game because money is their product. Their business is lending—it's how they profit.

We've come this far down the rabbit hole of how money works—so let's take it one step further: In real estate investing, the real asset isn't the house—it's the *mortgage*.

Turnkey real estate gives you a reason to borrow bank money. It's stable, cash-flowing, and capable of qualifying for long-term, fixed-rate leverage. It's not just about the property—it's about what the property gives you access to: fake money that builds real wealth.

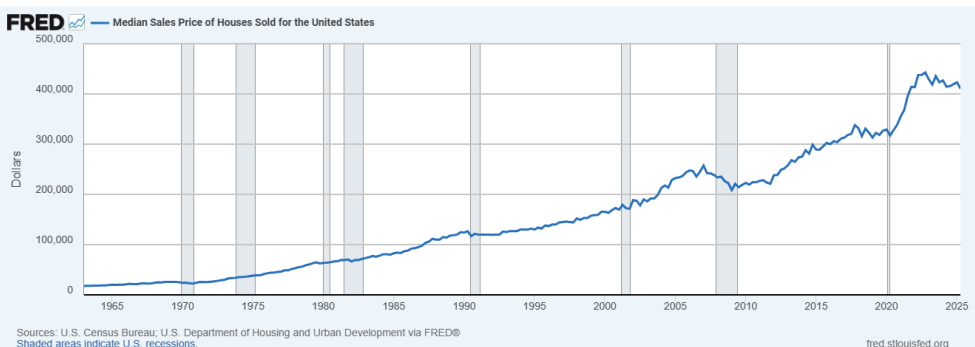
Let's walk through an example.

Example: 30-Year Fixed Mortgage at 6%

Let's say you buy a \$200,000 turnkey investment property.

- Down Payment (20%): \$40,000
- Loan Amount: \$160,000
- Interest Rate: 6% fixed for thirty years
- Monthly Payment (Principal & Interest): \$959

*Median Sales Price of Houses Sold for the United States*⁷



7. "Median Sales Price of Houses Sold for the United States," FRED, July 24, 2025. "<https://fred.stlouisfed.org/series/MSPUS#>

Note: We're using a conservative long-term average interest rate of 6% and assuming 5% annual home value appreciation based on historical Compound Annual Growth Rate (CAGR).

What Your Mortgage Feels Like Over Time

As inflation rises, the value of your dollar declines—making your fixed mortgage payment feel smaller each year. Here's how it plays out:

PURCHASING POWER EROSION THE REAL COST OF YOUR MORTGAGE OVER TIME	
YEAR	COST OF MORTGAGE PAYMENT (ADJUSTED FOR 3% INFLATION)
TODAY	\$959
YEAR 5	\$824
YEAR 10	\$707
YEAR 20	\$521
YEAR 30	\$385

Why It Matters

Over thirty years, you're paying the bank back in dollars that are worth less and less—while your rental income and property value are rising. Inflation now works *for* you.

Now that we've seen how your mortgage payments shrink in real terms, let's look at how your asset quietly grows in value year after year.

THE COMPOUNDING POWER OF REAL ESTATE (AT A 5% COMPOUND ANNUAL GROWTH RATE)	
YEAR	PROPERTY VALUE
TODAY	\$200,000
YEAR 5	\$255,256
YEAR 10	\$325,779
YEAR 20	\$530,660
YEAR 30	\$864,388

Your \$200,000 property more than quadruples in value over thirty years—on autopilot—because you chose to position your money with the Wealth Forces, not against them.

Equity Growth Over Time

Equity is the gap between what you owe and what the property is worth. It’s your wealth growing silently in the background—while your tenants pay down (amortize) your loan with their monthly rent checks and inflation steadily pushes the value of your home higher through the Wealth Forces.

Over time, your loan balance will shrink while your asset value

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“As a licensed real estate broker, I knew real estate was a solid investment, but I lacked a true plan. Joining Money Mastery taught me how to build a Passive Income Machine that secures my retirement and positions me to create generational wealth. Now I have a proven system for generating passive income and growing beyond retirement goals.”

— Mike B., Utah

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YEAR	PROPERTY VALUE	REMAINING MORTGAGE BALANCE	EQUITY
TODAY	\$200,000	\$160,000	\$40,000
YEAR 5	\$255,256	\$148,887	\$106,369
YEAR 10	\$325,779	\$133,897	\$191,882
YEAR 20	\$325,779	\$86,406	\$444,254
YEAR 30	\$864,388	\$0	\$864,388

grows—building equity effortlessly. And here’s where it gets really exciting. As you’ll discover later, this growing equity—paired with your Vault—becomes the engine behind your *tax-free* income. It’s not just money on paper. It’s financial freedom in motion.

Want to see how your own equity builds over time?

Use our Equity Growth Calculator by visiting www.PassiveIncomeMachine.com/Launchpad, or scan the QR code.



Rent Increases Over Time (at 3% growth)

As the government continues printing money, the value of each dollar erodes—making everyday life more expensive year after year. This rising cost of living shows up everywhere, including the rental market.

Now, we’re not in the business of gouging tenants. But as a responsible investor, it’s important to keep rent in line with inflation. A modest 3% annual increase helps you preserve purchasing power and maintain the financial health of your investment.

Here’s what that looks like over time:

HOW MODEST RENT INCREASES MULTIPLY YOUR CASH FLOW (HOW THE RENT YOU CHARGE RISES WITH INFLATION MODELED AT 3%)	
YEAR	PROJECTED MONTHLY RENT
TODAY	\$1,800
5	\$2,087
10	\$2,419
20	\$3,251
30	\$4,369
AVERAGE RENT OVER 30 YEARS	\$3,085/MONTH

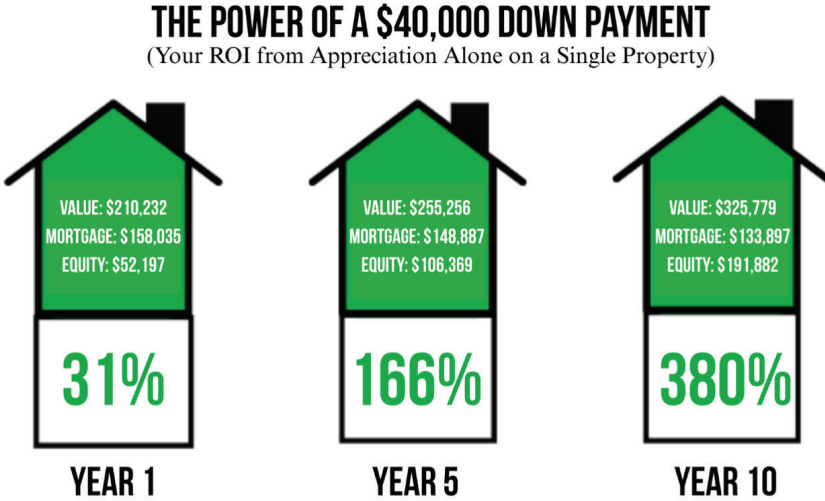
While your biggest expense—the mortgage—remains fixed, your income grows each year. That expanding gap between what you owe and what you earn is the magic of interest rate arbitrage working in your favor.

As a result, your average rent over thirty years is approximately \$3,085, and you’ve earned more cash flow and more wealth—all built into the system when you play it right.

Return on Your Initial Investment (Just from Appreciation)

Let’s say you do nothing else—no rent collection, no tax benefits, no advanced strategies. You simply buy the property and hold it. Thanks to the power of leverage and compound appreciation, even that simple move can produce staggering results.

Here's what your returns look like from appreciation alone:



This is the magic of fixed-interest-rate leverage applied to a real asset. Your mortgage balance is slowly decreasing as the tenant pays it down, while your property value climbs year after year due to inflation and appreciation. All you did was put in \$40,000—yet over time, your wealth grew exponentially thanks to smart use of interest rate arbitrage.

Make the Mortgage Your Greatest Asset

Fixed-rate leverage isn't just a tactic—it's the cornerstone of building real wealth in today's economy. When you lock in the price of money and pair it with an appreciating, income-generating asset, inflation stops eroding your wealth—and starts building it.

The mortgage isn't the liability—it's the key. It gives you access to other people's money, locks in your largest investment cost for thirty years, and creates a compounding spread that works in your favor. Over time, your equity grows, your

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"Money Mastery is unique because it teaches not just the 'how,' but the principles behind it—empowering you to make the right decisions for your family. In today's noisy world, having proven truths as the foundation is essential, and it's what makes the Passive Income Machine community so strong."

— Kim R., Arizona

.....

cash flow expands, and your wealth becomes inevitable—positioning you for tax-free income in the future.

But none of this happens by accident. To make interest rates your ally—not your enemy—you have to raise your financial intelligence and see the game for what it really is.

Banks aren't winning because they're evil. They're winning because they understand how money works—and they've positioned themselves to profit from it. They're in the driver's seat of the new financial economy. With the Passive Income Machine, you step into that seat. You get to think like the bank, act like the bank, and start using interest rates to your advantage.

Tailwind #4: Opportunity Cost – How the Wealthy Use Other People's Money

The most expensive cost in your financial life is often the one you don't see: **opportunity cost**. Opportunity cost is the value of the best alternative you give up when you make a choice. Every dollar you spend—or lock away—involves making a decision *not* to use that dollar elsewhere. And most people are unknowingly handing over their biggest opportunities for growth, freedom, and control all for the illusion of “safe” retirement planning. The cure is leverage—and the right system to use it.

The Passive Income Machine places your capital in the Vault—where it earns uninterrupted, compounding growth from day one, shielded from taxes, market volatility, and Wall Street's chaos. But let's revisit the real magic of this situation that we discussed earlier: while your money compounds for the future, you can *use it today*. The Vault empowers every dollar to both grow your wealth *and* fund your goals—turning opportunity cost into a powerful, wealth-building tailwind.

Through a private line of credit, you can access **other people's money (OPM)**—the insurance company's capital—to acquire assets and build your path to financial freedom. And once you understand how to shift opportunity cost to work in your favor, the Vault takes on a life of its own.

The Lifestyle Vault

Ryan Lee

Once I discovered the power of the Vault, I started rethinking how money was constantly flowing through my personal economy. For so many of my lifestyle expenses, I was earning, saving, and spending—only to start the cycle over again. That’s when a revolutionary idea clicked: the **Lifestyle Vault**.

My wife and I value adventure and connection—two of our core values—and we love traveling with our kids. Before the Vault, we’d save up for a vacation by stashing money in a bank account. It felt safe and liquid. We’d spend it on an unforgettable trip, come home, and start the savings process all over again for the next one. It worked—but it wasn’t optimized.

Then we created a Lifestyle Vault: a specially designed policy with one self-imposed rule—it can only be used for “fun.” Instead of saving in a bank, we redirected that same vacation fund into the Vault. We immediately took a policy loan to fund the trip, investing in incredible memories and meaningful connection. When we returned, we simply repaid the loan using the money we would have saved anyway for the next vacation.

But this time, something magical happened: the compounding *never stopped*. We were using our money *and* growing it at the same time. We turned a cycle of spending into a cycle of building wealth—without sacrificing the memories.

Over a decade later, that Lifestyle Vault has grown into multiple six figures. The compounding alone could now pay for our vacations. And we’re not done—we’re planning future legacy retreats with our kids and hopeful future grandkids. The Lifestyle Vault transformed a short-term expense into a decade of compounding wealth—and set the stage for a multi-generational legacy.

That’s the power of the Vault. It transforms everyday spending into long-term wealth. It’s not about sacrificing the life you want now—it’s about funding it better and making sure that life keeps getting bigger.

The real secret to the Vault—and flipping opportunity cost from a headwind to a tailwind—is recapturing and recycling the dollars already flowing

through your system and redirecting them to flow *into* your system. Your Vault becomes both a reservoir of capital and a creator of wealth. Every dollar that hits the reservoir goes to work immediately—compounding for the future while staying accessible today.

The Ultimate Opportunity Cost? A Deferred Life.

Most people put their dreams on hold, waiting for “someday.” But someday usually never comes—because the system is designed to keep you in its grasp. The Passive Income Machine collapses time and helps you reach someday much sooner. The difference? Taking control of your money and building a system designed to produce cash flow now. Money’s greatest value isn’t in what it buys—it’s in the options and control it gives you: Control of your capital. Control of your strategy. Control of your life.

Get Ready to Fly

When you master the Wealth Forces, apply the right leverage, and change your headwinds into tailwinds, you stop playing defense and start building wealth by design. You shift from a life of reaction to a life of creation. You’ll be reaching your destination and touching down at “someday” at a much higher speed than you believed possible.

Master the Wealth Forces—Before They Master You

We’ve just showed you what’s possible when you shift the Wealth Forces to work *for* you instead of *against* you. Inside the Launchpad, you’ll discover,

- How to grow your wealth with inflation
- Why only certain assets align with the Wealth Forces
- How to restructure your finances so the forces build your Passive Income Machine®



Unlock the Launchpad now at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code.

PART III

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RUNNING YOUR PASSIVE INCOME MACHINE®

How to Create Tax-Free Income for Life
& Live Free

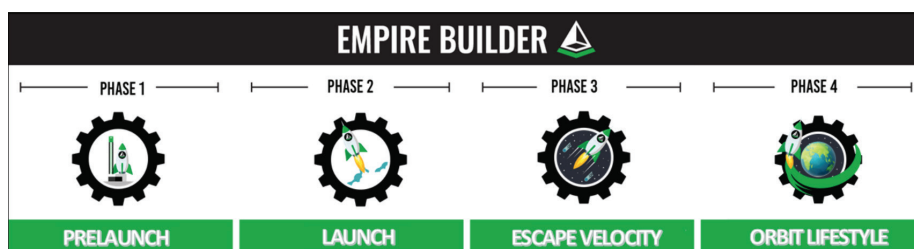
"You don't need to be a genius to build wealth. You just need the right system—and the discipline to follow it."

— Robert G. Allen

10

THE 4 PHASES OF YOUR PASSIVE INCOME MACHINE®

The Sequence to Financial Freedom



W^ealth is not an accident, it's a sequence. Now that you understand the major gears and components that make the Passive Income Machine work, it's time for you to learn *how* to run it.

In this chapter, we break down the four strategic phases that power your Passive Income Machine: **prelaunch**, where you realign your money and mindset; **launch**, where you deploy capital and begin creating real cash flow; **escape velocity**, where compound cash flow kicks in and your system accelerates past what you can personally contribute; and **orbit**, where your machine becomes self-sustaining and financial freedom becomes your new baseline.

This chapter gives you the blueprint to go from surviving in the traditional system to thriving with your own wealth engine. Prepare for launch!

How a 1986 Rocket Metaphor Will Be Your Map to Freedom

Ryan Lee

Most people think they're failing with money because they're not disciplined enough, not smart enough, or not lucky enough. But the truth is far more liberating—and far more dangerous.

W. Edwards Deming said that 94% of all failure is a result of the system—not the people within it.¹ Everything in the traditional financial world is designed to keep you stuck in orbit around someone else's plan. But freedom isn't an accident. It's not random. It's not reserved for the lucky few. Freedom is a sequence—and sequences can be learned.

Back in 2008, when my entire financial worldview fell apart and I found Bob's book *Creating Wealth*, I finally recognized the game and was prepared for something better. Inside, Bob didn't just show how two single-family homes a year could set you free in a decade. He shared something even more powerful: a metaphor that changed how I thought about building wealth forever. He described the journey to financial freedom like launching a rocket—four distinct phases, one incredible destination.

That metaphor hit me like lightning.

What I found in Bob's framework wasn't hype or a shortcut—it was something far more valuable: a clear process. For the first time, I could see the path in front of me. Not just the end goal of financial freedom, but the actual steps it would take to get there. The rocket analogy gave me a map. It helped me understand that this wasn't about getting rich overnight but about progressing through four distinct phases with purpose and intention.

1. John Hunter, "A Bad System Will Beat a Good Person Every Time," The Deming Institute. <https://deming.org/a-bad-system-will-beat-a-good-person-every-time/>

So, I forged ahead. Whenever I felt stuck, overwhelmed, or unsure if I was doing it right, I came back to that framework. Like a compass, it helped me orient myself. I knew where I was. I knew what was next. And that clarity kept me moving.

Using Bob's framework, I hit my first major milestone: I walked away from my corporate job in under five years. His process gave me strategy and belief—but more than anything, it made the journey real.

I committed to building real assets, leveraging capital, and letting time and compounding do their work. And just like Bob taught, I became financially free in less than a decade.

Along the way, I refined and optimized his system—adding structure, automation, and design. That's how the Passive Income Machine was born. It has become a modern evolution of the timeless principles Bob taught, built to serve entrepreneurs, families, and freedom-seekers in today's economy.

Over time, I've helped thousands launch their own Passive Income Machines, including busy professionals, young couples, business owners, and retirees. The process works. The principles are timeless. And the results become inevitable.

Eventually, I invited Bob to one of our events to honor him as the original founder—what we now call “the OG”—of this strategy. When he saw how his ideas were transforming lives through our community, something incredible happened...

He came out of retirement.

He didn't do it for the spotlight or the attention. He did it to reignite a mission: to inspire thousands of new people to take control of their finances and achieve financial freedom in ten years or less in this new economy with the new rules of money.

And that's what this chapter is about.

I've used Bob's rocket metaphor to map the four phases of the Passive Income Machine. With it, you'll break free from the gravitational pull of the traditional model and launch into a new orbit. We'll show you how to navigate

all four phases—no matter where you’re starting from—so you can escape the drag of scarcity, accelerate into freedom, and live a life propelled by purpose and possibility.

Launching Your Passive Income Machine®

Imagine launching a rocket. Most of the energy involved is spent just trying to lift it off the launchpad. In fact, nearly 90% of a rocket’s fuel is burned in the first few minutes—just to escape Earth’s gravitational pull. That’s exactly what it feels like when you’re building wealth the right way.

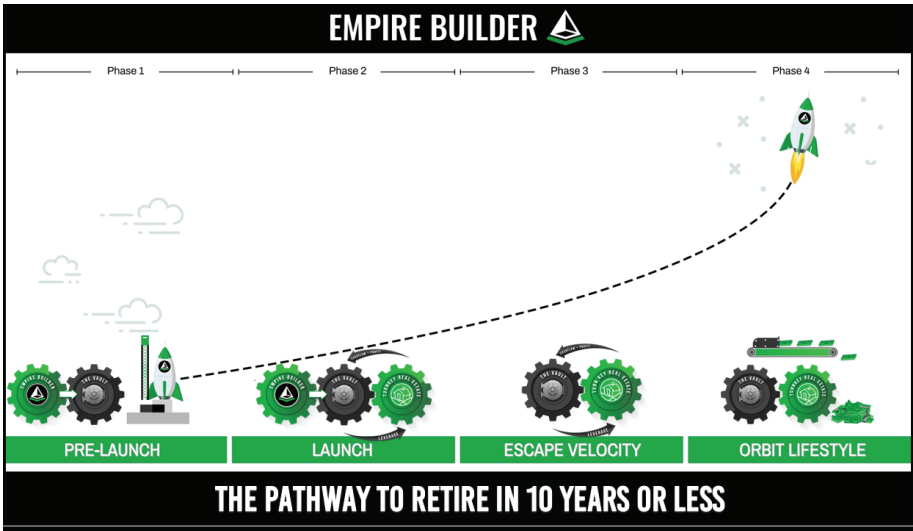
It’s hard to realize that everything you’ve been taught about money and retirement is dangerous, misleading, or outright wrong. It’s uncomfortable to stop contributing to the market, to walk away from the familiar water-cooler talk about how nothing ever seems to work, and to chart a new course no one around you seems to understand. As strange as it sounds, when everyone is doing the same thing and you start doing the opposite, it can feel like you’re losing a part of your community.

When you tell your spouse or partner you’re going to start putting money into this thing called a Vault instead of a “well-diversified portfolio,” you feel a little crazy—and you start to second-guess yourself.

That resistance? That confusion? That emotional gravity pulling you back to the familiar? It’s the same kind of force a rocket experiences at liftoff. And breaking through it takes real energy.

It takes effort and discipline to reorganize your assets. It takes vision to pursue a new kind of freedom. And when your mind tells you that you can’t do it—because your past hasn’t prepared you for it—you have to choose belief anyway. Picking up a new belief and moving forward requires courage.

But here’s the payoff: once a rocket breaks through the atmosphere and enters orbit, the equation flips. Momentum takes over. The same gravity that was once your biggest obstacle now works in your favor—keeping the rocket in motion with almost no additional effort.



This is what Bob taught when *Creating Wealth* was published over forty years ago: “If you’re not financially free within five to ten years, you’re doing it wrong.” Financial freedom isn’t about coasting for four decades and hoping it works out. It’s about building the right system, launching it with precision, and using leverage and design to escape the traditional system altogether. And once you do, your wealth becomes self-sustaining—powered by a system that pulls you forward instead of holding you back. Just like a rocket.

The Passive Income Machine is your rocket, and there are four key phases to get it off the ground and orbiting around your financially free world. Let’s break them down.

Phase 1: Prelaunch

Objective: Realigning Your Money to the Passive Income Machine®

Prelaunch is the phase where you unplug from the system. It’s when you pull your money off Wall Street. This is your prelaunch checklist. It’s not the sexy part, not the moon landing—it’s the part that determines whether you *ever*



get off the ground. It's where you begin to reclaim your power. You start reorganizing your assets, rewiring your beliefs, and preparing to escape financial gravity once and for all.

You begin by designing your personal Game Plan. This includes the following components, which we discussed in the previous section:

- **Defining the win:** What does freedom actually look like for you?
- **Getting clear on your Strike Number:** The monthly cash flow required to replace your *after-tax, after-savings* spending.
- **Repositioning your capital into the Vault:** Your new financial staging point.
- **Committing (or recommitting) to save 10–20% of your income:** Because you can't build wealth without creating a surplus.
- **Going All In:** Fully aligning your money, attention, and action with your decision to achieve time freedom in ten years or less.

You've always known—somewhere deep inside—that you were meant for more. You've felt it: *If I just had more money, more time, more clarity—things would be different.*

• • • • •

You're done waiting, hoping, and playing small. This is where you start playing to win. This is the moment you stop drifting and start designing. You're pulling your future forward. And in phase 1, you're developing the clarity and commitment required to face the gravity problem—and break through it. This is where awareness turns into alignment. Where you stop playing defense—and start building a system that works *for* you instead of against you.

"Money Mastery helped me clarify my goals, implement proven systems, and see the full potential of my real estate portfolio. The Passive Income Machine provided the tools and strategies to transform it from a scattered collection of properties into a strategic, high-performing investment engine."

— Laura R., Utah

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But understand this—it's not just your money you're repositioning. It's your mindset. You must raise your Financial IQ. Because if you outsource your

money, you outsource your results. If you're dissatisfied with your results, it's time to take the wheel.

Ayn Rand said, “Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver.” In phase 1, you get out of the passenger seat. Or maybe the back seat. Or—depending on how your financial plan's been going—maybe you're breaking out of the trunk, where you've been locked up by well-meaning but misinformed financial advisors.

You've dared to go from “I'd like to have enough someday” to a *specific* sum of tax-free, inflation-adjusted monthly cash flow in a defined timeframe—ten years or less. You've declared independence from their system. You're claiming sovereignty over your money—and your future.

And now, you're on the launchpad. Countdown has begun. Your fuel is loaded. The gravity of the old system is still pulling you down—but in phase 1, you're preparing to ignite.

Want to Go Deeper on Phase 1?

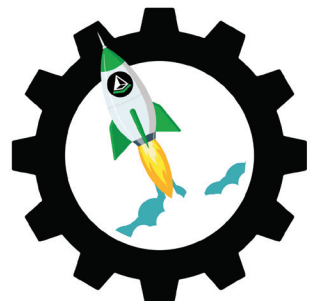
The Launchpad includes videos, tools, and walkthroughs to help you identify exactly which phase you're in—and how to accelerate to the next. You can access it anytime at www.PassiveIncomeMachine.com/Launchpad.



Phase 2: Launch

Objective: Deploying Your Newly Positioned Capital

Going from **zero to one** is the hardest part of your journey. Remember, launch is the stage that requires the most fuel. This is the phase that demands the most courage, the most faith, and the most energy. It's where you go from theory to action—and from commitment to cash flow. This is where it becomes real. You activate your Vault.

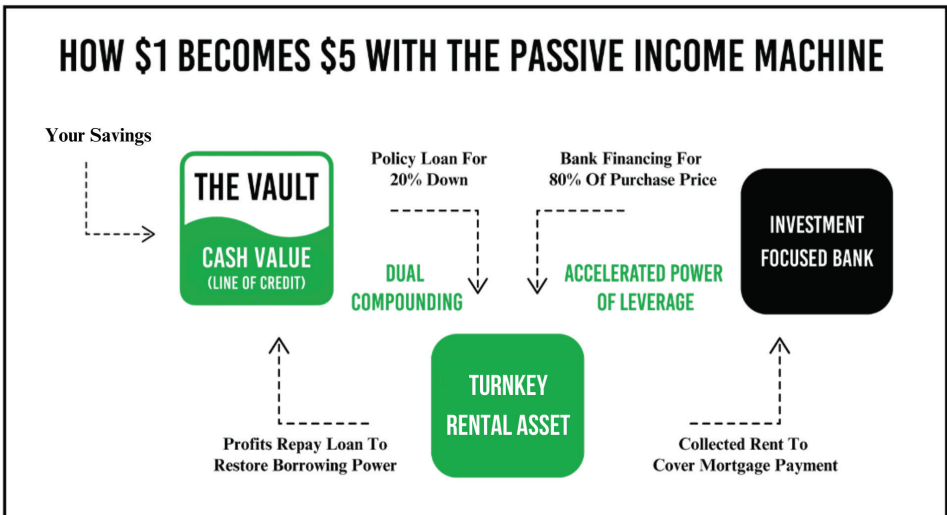


You take your first policy loan. You access bank leverage to acquire investment real estate and you buy your first property.

And just like that—you’ve launched. And with that single act, you’ve turned one dollar into five dollars. But let’s be honest—it’s messy, exciting, and scary all at once. You’re doing a lot of things for the very first time:

- You’re confronting decades of false beliefs around money.
- You’re getting approved by banks to buy investment properties—often in states you’ve never even stepped foot in.
- You’re setting up legal entities to protect your wealth and separate investment funds from personal.
- You’re learning how to turn your commitments into principle-based decisions—under pressure.

And in the middle of it all, you might wonder if you’re in over your head. But don’t worry—once you’ve done it once, it will never be that hard again. Your knowledge and experience will compound. Remember, you’re right at the beginning with your feet on the launchpad and your eyes on the sky. Congratulations! You’re not just studying financial freedom. You’re building it.



Now, your machine is in motion. You'll use the rental income from your new property to start repaying your mortgage and replenishing your Vault line of credit—so you can do it all over again. Every time you repeat the process, it gets easier. You get sharper and more confident. Your decision-making and systems improve. You stop asking, “Can I really do this?” and start declaring, “I was built for this.”

Here's your launch checklist for phase 2:

- ✓ Activate your Vault and use a policy loan as the down payment for a turnkey asset.
- ✓ Leverage to buy your first cash-flowing property. You no longer fear leverage—you're determined to master it.
- ✓ Use the Empire Builder Software to validate every deal mathematically. This is our proprietary tool for analyzing and stress-testing turnkey real estate deals—you can learn more on this and how to use it inside your Launchpad. Access it at **www.PassiveIncomeMachine.com/Launchpad**.
- ✓ Recycle your profit to restore your Vault and go again.
- ✓ Keep your money in motion.

You've broken through the clouds. The tremble of the launch has given way to momentum. You can feel it—the engine is kicking in. You're rising.

The ultimate goal of phase 2 is simple: **deploy all of the capital you repositioned in prelaunch**. Maybe that's just enough to fund a single Vault and buy your first property. Or maybe you started with more capacity—perhaps enough to fund two Vaults, one on you and one on your spouse—and you acquire five properties right out of the gate. That's incredible. Just remember: don't rush the process.

Go slow. Think strategically. Choose the right assets in the right markets, with the right teams. Inside our Money Mastery program, we work with vetted turnkey partners to walk you through this. We'll provide more details and steps in the Launchpad.

When you buy the right real estate assets, time becomes your ally. The longer you hold them, the better the outcomes. But when you buy without foresight—choosing the wrong property, in the wrong area, or with the wrong team—you don’t just pay in dollars. You pay in time, energy, and attention—sometimes for years. So, follow the process. Be urgent about buying well. Then let time and inflation do the heavy lifting to build your wealth.

Because in this game, *precision* beats *speed*—always. Whether you’re deploying \$40K or \$400K, this phase isn’t about volume. It’s about mastery. Once your capital is fully deployed, you’ve cleared the hardest part. With each dollar you redirect into the system, you’re building something real. Not just wealth—but certainty. You’re shifting from *hope* to *evidence*:

.....
“Working in the 401(k) industry, I felt trapped in traditional plans—scared I’d never retire despite good income and savings. In just two years with Money Mastery and the Passive Income Machine, I’ve acquired seven properties and built a Game Plan I control. I’m no longer dependent on Wall Street, and my family’s financial future has been transformed.”

— Robert J., Massachusetts

.....

- Evidence that you *can* reposition your money and take control.
- Evidence that you *can* use a private line of credit backed by contractual guarantees.
- Evidence that you *can* get the banks to fund 80% of your wealth-building plan.
- Evidence that you *can* do hard things—and that you’re capable of far more than the traditional financial world gives you credit for.

You’re no longer an observer. You’re no longer a dreamer. You’re an Empire Builder—turning belief into evidence and evidence into momentum. The Passive Income Machine has become a reality—and more importantly it’s *your* reality.

If you’ve made it through this phase, you’ve separated yourself from the masses. Welcome to the game, my friend. You’ve launched.

Now let’s scale.

Phase 3: Escape Velocity

Objective: Create Compound Cash Flow

Phase 3 is where everything begins to shift. Up to this point, the majority of your momentum has come from your own effort—your discipline, your savings, your willingness to reallocate your capital and take action. But now, the system starts working for you.



This is where you experience what we call **compound cash flow**—when the income and equity from your assets begin to grow faster than you could ever save on your own. This is when the cash flow from your real estate, the dividends from your Vault, and the equity you’ve built in your properties begins to match—or even surpass—your monthly savings. At this point, you go from being the engine of your system to becoming the architect of a machine that’s running on its own.

This is when your financial freedom begins to feel *real*.

Ryan Lee

In the early days building my own Passive Income Machine, I had to do everything I could to save \$1,500 per month. It wasn’t easy. The system was powered entirely by my effort. But once I acquired my first property, the cash flow it provided became a partner in the process. It replenished my Vault, boosted my savings rate, and accelerated the timeline to my next property. I wasn’t working harder, but I was moving forward faster.

• • • • •

“Thanks to Money Mastery and the Passive Income Machine, we shifted from maxing out our 401(k) and hoping to retire at sixty-five to actively building income and legacy assets through real estate. My husband retired in his early fifties, I’m on track to retire in my forties, and we already enjoy more freedom and travel. We no longer worry about ‘enough’—we’ve built a lasting legacy for our children.”

— Wes F. & Scott B., Arizona

• • • • •

Then it happened again. And again. Until one day, I realized something extraordinary: The results my system was producing each month were now greater than what I could contribute on my own. That's when I knew I had reached **escape velocity**. I was no longer pushing the system forward—the system was pulling me.

Escape Velocity is the moment gravity stops working against you—and starts working for you. At this point, the Passive Income Machine is operational. As your results become predictable, repeatable, and scalable, your focus moves from building the Machine to refining it.

Here's what that looks like:

- **Achieve Compound Cash Flow** – Your real estate, Vault dividends, and equity gains now generate more monthly cash flow than you're personally saving. The machine is officially working harder than you can.
- **Refine and Repeat** – Each rotation becomes more efficient. With every rep, you improve your sourcing, underwriting, due diligence, and decision-making. You're not starting over—you're leveling up.
- **Harvest Equity Strategically** – Once you've held a property for four to six years, you'll likely see significant appreciation and principal paydown. This creates *equity*—and in phase 3, you learn how to *unlock* that equity to expand your portfolio. This is how you grow your empire without needing to save more or start from scratch. Equity becomes fuel. (We'll go deeper into this in the next two chapters when we open up the *Equity Mill*—your system for turning equity into tax-free income for life.)
- **Design Your System for Life** – You're no longer operating from motivation. You're building systems that make your results inevitable. You're shifting from effort to design—from hope to structure.

And it all stacks. Your Vault continues compounding—safe, private, and tax-free. Your properties are producing rent, growing in equity, and benefiting from inflation. Your debt is being paid down by someone else. And every rotation of your Passive Income Machine builds more momentum.

But something deeper is happening, too: **compound cash flow** is transforming into **dual compounding**. At first, your money was working in two places—your Vault and your real estate. Now, the cash flow *itself* is compounding and producing more, which increases your savings. This shortens the time to your next acquisition and fuels the next rotation, which produces more income—faster.

It's stacking in layers. It's accelerating. This is the **power of velocity**.

You're no longer just saving—you're optimizing. You're harvesting equity. You're reinvesting gains with clarity and confidence. You're buying *time*, not just properties.

A New Mindset: Systems Are Greater Than Goals

Most people build their financial life around goals such as these:

- “I want \$10K/month in passive income.”
- “I want to retire by sixty.”
- “I want to be a millionaire.”

There's nothing wrong with goals, but for most people goals are just wishes. They hope that things will work out—that somehow, someday, they'll arrive at their desired outcome. But Empire Builders don't wish. They build systems that make their goals inevitable.

.....
 “You don't rise to the level of your goals.
 You fall to the level of your systems.”

That's what makes phase 3 so powerful. Instead of chasing vague, distant outcomes with no clear path, you focus on refining your systems. You tighten how you find and vet deals, master your Vault strategy, and automate your tracking and implement feedback loops.

— James Clear

You don't get the results you want. You get the results your system is built to deliver. Because anyone can get lucky once, but freedom doesn't come from luck. It comes from *design*. You're building a design that doesn't just produce wealth—it protects it, multiplies it, and sets you free.

Phase 4: Orbit

Objective: Transitioning from Growth to Income, Freedom, and Beyond



During the orbit phase, you’re no longer playing for growth alone—you’re playing for income and freedom. This is what every phase before has been building toward. You’ve launched. You’ve accelerated. You’ve escaped gravity. Now, you’re transitioning into orbit.

You’ll know you’ve reached orbit when the system you’ve built sustains itself without your active effort. You experienced hints of the Machine beginning to work on your behalf during phase 3, but now the gears of your Passive Income Machine spin on their own, your cash flow covers your lifestyle, equity continues to grow, and your compounding never stops—but *you* finally can.

You stop seeing life as a series of trade-offs and start seeing it as a world of options. You’re no longer trapped by the question, “Can I afford this?” Now you ask, “Do I choose this?” You’re free to stop trading time for money. And ironically, *you might choose to keep working*. Not because you have to. But because when work is a choice, not a necessity, it often becomes a source of deeper meaning and fulfillment.

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“To infinity and beyond!”

— Buzz Lightyear

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Instead of working to build the machine, you’re *living off of it*.

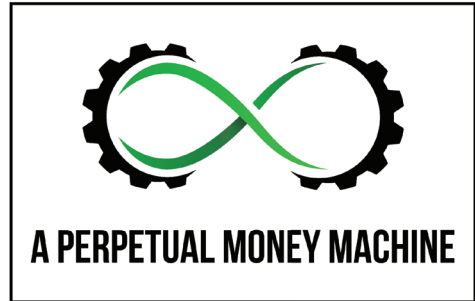
What to Focus on in Orbit:

- ✓ **Replenishing your Vault** using strategic policy loan repayment cycles
- ✓ **Positioning for income** instead of accumulation
- ✓ **Legacy and estate planning** to ensure your system doesn’t just free you—but creates generational wealth

You’ve built a self-funding flywheel. And more importantly, you’ve bought back your time. But here’s the key insight: This *isn’t* the finish line. It’s the launchpad for the next phase of your life. A life of freedom and options unlocking the door of purpose.

The Infinite Game

Most people think the ultimate financial goal is retirement, but retirement is about stopping. Financial freedom is about *starting*. There’s a moment—once you’re finally free—when the questions change from, “How much is enough?” to “What kind of life do



I want to live?” You finally quit playing the **finite game** of retirement and start playing the **infinite game** of possibility.

That’s why every Empire Builder we’ve helped—thousands and counting—starts with one thing: a **Game Plan**.

As Simon Sinek says, finite games have winners and losers. They have fixed rules. A scoreboard. An end.² Infinite games are different. They’re played to continue, to grow, to evolve, and to create. Financial freedom gives you the power to keep playing—and to play a game that truly matters. You’re able to invest in your health. You show up more powerfully for your family. You contribute to causes you care about. You lead, you build, and you expand your mission.

A Game Plan is not a cookie-cutter financial product. It’s our proprietary process to map your journey to financial freedom in ten years or less using your unique starting point, your resources, and your mission. It’s where the Passive Income Machine becomes personal—designed for your real life.

2. Randy Conley, “Simon Sinek’s 5 Steps for Mastering the ‘Infinite’ Game of Leadership,” LeaderChat. <https://leaderchat.org/2017/10/27/simon-sineks-5-steps-for-mastering-the-infinite-game-of-leadership/>

Our strategists don't just teach this—they live it. They've used Vaults, they've invested in real estate, and they've built freedom using the exact system you're learning here. A Game Plan is your personal strategy to make it happen.

But the infinite game doesn't begin by accident. It starts with intention. Wealth is built in phases. And while awareness is step one, it's execution that builds freedom and empires.

In the next chapter, you'll see exactly what a Game Plan and the launch process looks like through a real-life case study of the Foster Family.

Welcome to the infinite game. Welcome to freedom. Welcome to orbit.

Go from Reading to Running Your Passive Income Machine™

In this chapter, you learned the four phases of the Passive Income Machine®—from prelaunch to orbit—and how wealth is built through systems, not luck. But knowing the phases isn't enough—you need the tools to move through them. Inside the Launchpad, you'll go deeper with the following resources:

- Step-by-step videos for each phase of the rocket metaphor
- Tools to design your Game Plan and calculate your Strike Number
- Deal-vetting strategies and Vault deployment walkthroughs
- Real examples of investors who hit escape velocity and reached orbit



Unlock your Launchpad now **at www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code. You've fueled the rocket. Now it's time to launch!

"Only those who will risk going too far can possibly
find out how far one can go."

— T.S. Eliot

11

THE FREEDOM FOSTERS

A Case Study in Financial Freedom in
10 years or less

This chapter follows the real-life journey of the Fosters, an everyday family who applied the principles of the Passive Income Machine to achieve complete financial transformation. When they began, they were stuck—uncertain, overwhelmed, and frustrated with traditional advice that never seemed to work. But through the four phases of financial freedom, they went from spinning their wheels to building a thriving portfolio, perpetual income, and total control over their financial future. This is not a theory—it's proof that the system works. Step-by-step, you'll see how each phase comes together to build real, repeatable, and predictable financial freedom.

Applying the Passive Income Machine® Through the Four Phases

Up to this point, we've broken down the system piece by piece. You've learned the mindset of an Empire Builder. You've discovered the power of the Vault and the leverage of turnkey real estate. You understand the four Wealth Forces—how inflation, taxes, interest, and opportunity cost can either erode your wealth or accelerate it.

But knowing how the gears turn isn't enough. To truly believe what's possible, you need to see the full machine in motion. Most people spend a lifetime trying to figure out how to make more money. The Fosters learned how to make money work for *them*.

Within this chapter, everything comes together: mindset, mechanics, money, and momentum. You're about to see how one committed family used the Passive Income Machine—phase by phase—to build lasting freedom. Not theory. Not fantasy. Just principle-based execution. This is what it looks like when you stop chasing returns and start building results.

Meet the “Freedom” Fosters

Let's meet Frank and Sara Foster, whom we refer to as the Freedom Fosters—a name that fits their mission perfectly. When the Fosters started their journey to financial freedom, they were in their early forties, raising two young kids, and earning a combined \$200,000 per year: \$120,000 from Frank's full-time career in IT and \$80,000 from Sara's graphic design work. On paper, they were doing well. But their motivation wasn't just to “do well”—it was to live free.

They wanted what many families want: more options, more control, and more presence. They dreamed of being *with* their kids as they grew up—not just catching the highlights between meetings, deadlines, and weekend chores. They longed for slow breakfasts, flexible days, meaningful adventures, and a life they didn't need to escape from.



Sara wanted to go home full-time. Frank didn't mind working, but he wanted the *option* to walk away when he needed or chose to. He was tired of the constant pressure to produce more: more hours, more responsibility, more stress.

For them, the dream wasn't early retirement so they could sail off into the sunset. It was something deeper. They wanted the freedom to live more, do more, and become more. What they were really after was **financial optionality**—the ability to work because they wanted to, not because they had to.

But as much as they craved freedom, they felt stuck despite their best efforts. They'd done all the "right" things: paid off student debt, saved up for a comfortable home, and created margin in their lifestyle. Now they were ready to build—but didn't know who to trust or where to turn.

They were skeptical of the traditional system. The idea of handing over their hard-earned money to Wall Street and hoping it grew by 6–8% over twenty-five years didn't sit right. They didn't know if they would ever have "enough," and they weren't willing to trade what mattered most in their current life stage for a *maybe* decades later.

They'd seen too many people follow that path only to end up stressed, behind, or uncertain when it mattered most. They weren't willing to gamble their future on "average returns." So they'd been saving—in cash—not because they were afraid to invest, but because they were searching for a better answer. They were afraid of wasting their time chasing strategies that wouldn't deliver. They had done the research, asked the questions, and explored every shiny new promise.

They'd talked to financial advisors who weren't financially free themselves, and each urged them to just "trust the market." They attended weekend seminars filled with hype about house flipping. They listened to podcasts touting overnight crypto millionaires. But it all felt like a gamble—no predictable systems, no proven results. Just the blind leading the blind.

Then something changed.

The Fosters had a friend who seemed to be living the life they had only dreamed of—taking extended time off, traveling to exotic destinations, homeschooling her kids, and doing meaningful work on her terms. So they asked what her secret was. Inheritance? Startup stock? Lottery ticket? She laughed.

"Nope," she said. "Just a system. A really good one."

She told them how she and her husband had used something called the Passive Income Machine to replace his income and eventually step away from his business. Now, they ran a small digital yoga studio together—not because they had to, but because they wanted to.

The system she shared was simple, powerful, and repeatable. It combined a tax-advantaged strategy using specially designed whole-life insurance (something she called the Vault) with cash-flowing, single-family rental properties they didn't have to manage themselves.

She hadn't started with millions. She started with intention—determined to take control of her money and her life. Eight years later, she and her family were financially free. Not “retired,” but free.

That conversation changed everything for the Fosters. For the first time, they saw a real pathway—one they hadn't known existed. Their friend had done it. So, they asked the obvious question: “Why can't we?”

Their curiosity took over. Up to that point, they'd only heard the usual advice: “Buy term and invest the difference.” Life insurance was

bad. Real estate was risky. But now, standing in front of living proof that the opposite might be true, they were open to something new.

Freedom no longer felt abstract. It felt attainable.

Their friend introduced them to Dan, a Tactical Wealth Strategist—someone who didn't speak in generalities but mapped out a clear, personalized Game Plan using the Fosters' own numbers, goals, and timeline.

In a single conversation, their vague hope became a concrete plan that mapped out their investment journey through four distinct phases, from prelaunch to orbit. Together, they charted a path to create a six-figure stream of tax-free, inflation-adjusted income.

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“After losing my husband, I felt overwhelmed trying to piece together my financial future. Through Money Mastery and the Passive Income Machine, I gained clarity, security, and the peace of knowing I am set for life. Now I can focus on living fully—traveling, making memories, and embracing each day without financial fear.”

— Suzanne H., California

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And the best part? With the resources they already had—and the right strategy and support—financial freedom looked possible in as little as seven years. There would be no more guesswork and no more gambling. Just a system—with a clear destination.

The Fosters' Strike Number

The Fosters appreciated that their plan wasn't built on hypothetical returns, projected net worth, or trendy speculation. It focused on the one number that actually mattered: net spendable income.

As Dan explained, this was the real benchmark of financial freedom—not how much they'd accumulated, but how consistently their assets could produce reliable, predictable, and inflation-adjusted income they could actually use.

Financial planning stopped being about picking the perfect stock or chasing the market. It became a process of elimination. If an asset or strategy couldn't help them create tax-free, inflation-adjusted income in ten years or less—it was out.

That's when they calculated their Strike Number—the monthly income needed to maintain their current lifestyle without working, which we first introduced and explored in detail back in chapter 4. During the calculation process, they uncovered one of the most overlooked truths in finance: The way an asset generates income—and how that income is taxed—can matter more than the return itself.

There are three types of income, each with a very different tax impact:

1. **Earned Income:** This includes earned income from a job or withdrawals from a 401(k) or IRA. It's taxed at the highest rate and exposes you to rising tax brackets in retirement. For the Fosters, this was a non-starter.
2. **Portfolio Income:** This includes capital gains from selling stocks or property. It's better than earned income, but still taxed—and highly variable based on constantly changing legislation.
3. **Phantom Income:** This is the kind of income the wealthy have used for decades—strategies that generate real, spendable cash flow by leveraging banks, insurance, and appreciating assets—but with zero taxes.

THE 3 TYPES OF INCOME - AND HOW EACH IS TAXED



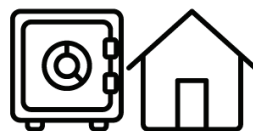
EARNED INCOME

- ✓ TAXED AS ORDINARY INCOME
- ✓ TAXED AT THE HIGHEST RATES
- ✓ EXPOSED TO RISING TAX BRACKETS



PORTFOLIO INCOME

- ✓ TAXED AS CAPITAL GAINS
- ✓ RATE DEPENDS ON HOLDING PERIOD
- ✓ SUBJECT TO LEGISLATIVE CHANGE
- ✓ TAXED WHEN ASSETS ARE SOLD



PHANTOM INCOME

- ✓ BORROW AGAINST APPRECIATING ASSETS
- ✓ USE DEBT AS INCOME
- ✓ NO REPORTABLE INCOME
- ✓ ZERO TAXES

The wealthy don't play by the same rules—because they understand the rulebook. They use the tax code like a blueprint to engineer income that accelerates wealth and maximizes what they keep. This one insight—that the *type* of income matters—shifted everything for the Fosters. With a new lens, they saw that financial freedom wasn't about chasing returns or growing net worth. It was about building a system that could consistently produce tax-free, net spendable income.

To bring the vision into focus, the Fosters settled on the real number that mattered: the monthly income their assets would need to produce to fully replace their lifestyle—their Strike Number.

Here's how they broke it down:

- Total Gross Income: \$200,000
- Minus Federal & State Taxes (25%): \$50,000
- After-Tax Income: \$150,000
- Savings Commitment (20% of their after-tax income): \$30,000
- Net Spendable Income: \$120,000

That \$120,000 became their Strike Number. In other words, if their assets could produce just \$10,000 a month in tax-free, net spendable income, it would be the equivalent of earning \$200,000 a year in gross income—without having to pay taxes or set money aside for savings. That single insight reframed everything.

What once felt like a distant dream now felt within reach. With the right system, they were already 45% closer to financial freedom than they'd realized.

This is the power of investing with purpose. The Fosters now understood that they didn't need a multimillion-dollar 401(k) or to gamble on market averages. All they needed was a system that could consistently produce \$10,000 a month in tax-free, spendable income. With their friend as proof—and the guidance of a Tactical Wealth Strategist—they finally saw a clear path forward.

Their goal wasn't decades away as they'd assumed. Dan showed them it could be possible in just seven years. Freedom wasn't a vague dream anymore. It was only a few years away and, suddenly, completely real. The Fosters were ready to get to work and build their Passive Income Machine.

Phase 1: Prelaunch – Establishing a Vault Reservoir

With a clear Strike Number and a new sense of confidence, the Fosters were ready to move from vision to action. They entered phase 1 of their Game Plan—stepping into the game of strategic leverage, where every invested dollar could do the work of five by combining the power of the Vault with bank financing on turnkey real estate. This first phase laid the foundation for long-term, spendable income through the creation of their Vault.

As they collaborated with Dan, the Fosters discovered that their Passive Income Machine would need to hit three critical targets to generate the perpetual, tax-free income required to reach their Strike Number.

1. The Vault Reservoir

As the Fosters dug deeper into the Passive Income Machine strategy, they discovered that the Vault was more than just a financial tool—it was the central foundation of their entire Game Plan. It would not only capture and compound their savings but also serve as the source of their future tax-free income—the \$10,000 per month needed to reach their Strike Number.

This was a revelation. They had always seen life insurance as something you “set and forget.” But now they saw it for what it truly can be: one of the most powerful, flexible wealth-building tools available.

To build a Vault with the capacity to generate six figures of reliable, tax-free income, Dan explained a simple rule of thumb: Accumulate three to five years of desired spending in Vault cash value.

For the Fosters, that meant multiplying their \$120,000 annual Strike Number by five—setting a clear target of \$600,000 in cash value within ten years. At first, it felt like a stretch. But Dan reminded them,

- The Vault compounds every year—no losses, no resets.
- It can be creatively funded using savings, cash flow, and profits from real estate.
- And every dollar does double duty—stored safely while simultaneously being leveraged for growth.

This became their first benchmark on the path to freedom: build a \$600,000 Vault reservoir and unlock the ability to live off their assets—without ever draining them.

2. The Required Asset Base

The next number was just as crucial: the total value of real estate the Fosters would need to own and control in order to generate their \$10,000 per month of passive income. This number was their required asset base.

Required Asset Base: The cumulative value of real estate you need to own to reliably generate your target income.

In the Passive Income Machine strategy, the Vault acts as the amplifier of wealth—capturing and compounding savings—while turnkey real estate serves as the accelerator. It's the tool that allowed the Fosters to maximize leverage, turning every dollar that flowed through their Vault into five dollars of productive money invested into real estate.

Dan shared the simple formula:

Required Asset Base = Desired Income ÷ 5%

For the Fosters, it looked like this: **\$120,000 ÷ 0.05 = \$2,400,000.**

To consistently produce their Strike Number income, they'd need to build a real estate portfolio worth \$2.4 million.

At first glance, that number felt out of reach—but Dan reminded them that this was the mindset Wall Street inspired, one with no leverage and no control. With the built-in leverage of the Passive Income Machine, however, it became far more attainable. Roughly 80% of the \$2.4 million would be financed by banks through fixed, long-term mortgages. The Fosters' role was simply to provide the

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"Money Mastery taught us how to use the Vault as our financial foundation, combine it with real estate, and follow a clear game plan to achieve financial freedom in ten years or less. We're no longer at the mercy of the stock market and have learned powerful tax-saving strategies along the way. The education, results, and supportive community have been truly life-changing."

— Melissa & Chris P.,
North Carolina

.....

20% down payments, or \$480,000 (not immediately but over time)—most of which could be strategically accessed through Vault policy loans. While that might still sound like a big number, you'll see throughout this chapter that once the Fosters committed to the Passive Income Machine, the system started working for them. Inflation became their ally—they just had to position their money and let time do the heavy lifting.

Step by step, property by property, their asset base would grow—powered by leverage and fueled by the Wealth Forces, not speculation.

3. The Number of Properties

With their Vault Reservoir and required asset base targets locked in, the Fosters had one final number to calculate: how many homes they would need to acquire.

Their income would ultimately depend on the value of their real estate portfolio—their required asset base—not the number of homes in it. That gave them flexibility to choose a starting price point that aligned with their comfort level and strategy.

After reviewing several turnkey markets with Dan, they landed on properties in the \$175,000 range—affordable, cash-flowing homes with high-quality property management already in place to keep the investment passive.

Required Asset Base ÷ Average Property Value = Number of Properties

$$\mathbf{\$2,400,000 \div \$175,000 = 14 \text{ properties}}$$

That was it. With just three clear numbers, the Fosters now had one game-changing plan. But next came the turning point that would spell success or failure.

Finding the Right Market

If you live on one of the coasts, \$175,000 might sound almost unbelievable. But remember—your investing market doesn't have to be your local market. There are millions of homes in the middle of the country priced well below the national median and located in stable rental neighborhoods that deliver solid returns. These are the kinds of markets we focus on in our turnkey strategy—where the numbers actually work. If you want help finding great turnkey properties at this price point, visit your Launchpad to learn more. Unlock the Launchpad at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code.



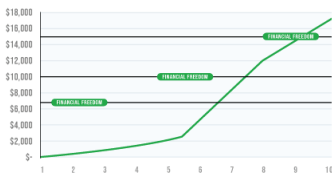
Dan now had everything he needed to assemble the full picture. “Give me a few minutes,” he said quietly. Then he turned to his screen and got to work. He ran a few final calculations, made some subtle adjustments—smiling to himself and knowing what was coming. After a moment of focused silence, he spun the screen around to reveal it:

Their future: Not as a dream, but as a map—a visual Game Plan that showed the Fosters exactly how their journey would unfold—year by year—from their very first policy to their fourteenth property and ultimately to complete financial freedom. It was all there: their annual progress, projected cash flow, asset growth, and the intersection point where their Passive Income Machine would replace their active income. And to drive the decision home, Dan had included a side-by-side income comparison showing a 350% advantage over their next-best Wall Street alternative:

THE PASSIVE INCOME MACHINE 10-YEAR GAME PLAN RESULTS

VAULT CASH VALUE	VAULT DEATH BENEFITS	TURNKEY ACQUISITIONS	REAL ESTATE VALUE	REAL ESTATE PORTFOLIO EQUITY	TOTAL PASSIVE INCOME MACHINE VALUE	TOTAL GAME PLAN INCOME	% TO FINANCIAL FREEDOM TARGET
\$709,369	\$5,026,080	14	\$3,444,293	\$1,305,230	\$3,983,112	\$199,156	111%

10-YEAR RETIREMENT PLAN



10-YEAR CASHFLOW IMPROVEMENT



CAPITAL EFFICIENCY IMPROVEMENT WITH THE PASSIVE INCOME MACHINE

379.30%



Dan spoke with calm confidence: “With your current resources, your proven ability to save 20% of your after-tax income, and the Wealth Forces now aligned in your favor, this is your pathway.” Then he paused to let the moment breathe.

“You can see here—your money, inside this system, is over 350% **more productive** than it would be in conventional plans, trapped by taxes and eroded by inflation.”

It's Your Turn

A Game Plan is more than a generic set of calculations—it's your personal roadmap to financial freedom. It takes a trained Strategist, a proven process, and the kind of vision that only comes from experience.

If you're reading this, we know you're serious about building a better future. To get your own custom Game Plan—built around *your* numbers, *your* goals, and *what's truly possible*—head to your Launchpad and request a free consultation: www.PassiveIncomeMachine.com/Launchpad.



Then he looked directly at the Fosters with intention—and asked the question that would turn this projected future on a screen into a lived reality: “Are you ready to begin?”

With clarity on what their money needed to accomplish, the Fosters were ready to design the foundation of their Passive Income Machine: their Vault. Dan explained that the Vault wasn’t a one-size-fits-all tool. It could be customized entirely around their goals, resources, and desired pace. The objective was simple—determine how much the Fosters could contribute:

- **Upfront** (to jumpstart the policy), and
- **Ongoing** (to build consistent momentum).

With those two numbers in hand, Dan would then reverse-engineer the policy—working with private mutual insurance companies to buy the least amount of insurance required by the IRS (to maintain life insurance tax benefits) while maximizing the cash value of every dollar contributed. This was the key to building a Vault—not a traditional life insurance policy, but a wealth-building engine.

“Less than 3% of insurance agents even know how to design a policy this way,” he said. “But it’s the difference between a financial tool and a financial transformation.”

To design their Vault, the Fosters had to define two key targets:

- **Vault Target #1: Savings Transfer** – This is an optional, one-time transfer of underperforming cash (from bank accounts, CDs, etc.) into the Vault. This jumpstarts the compounding engine, creates a larger line of credit, and increases flexibility from day one.
- **Vault Target #2: Annual Savings Commitment** – This is the ongoing monthly or yearly contribution from their active income. It’s the most important piece of the puzzle because consistent input fuels long-term output.

Once the Fosters established these numbers, it was Dan’s job to design a Vault that minimized insurance costs and maximized cash value—ensuring the

policy was built for wealth, not death benefit. But before running the numbers, Dan asked a few important questions:

- “How much have you saved so far?”
- “What’s your monthly savings habit?”
- “Do you have any outstanding consumer debt?”
- “Is anything stopping you from saving more?”

The Fosters were honest. They had been good with their money—they had no high-interest debt, had saved diligently, and had about \$150,000 in cash just sitting in a bank account. “We weren’t sure what to do with it,” they admitted. “So, we just let it sit.”

Dan smiled. “That’s actually good news. Most people I meet have all their wealth locked up in traditional retirement accounts, like 401(k)s and IRAs, that they can’t touch without penalties or taxes. But with cash, you don’t have those constraints, which gives us options.”

Here’s what they were working with:

- \$150,000 in cash available to deploy
- \$30,000 per year in consistent savings (20% of after-tax income), based on an established habit they were confident they could maintain.

With those resources, Dan proposed building two Vaults—one for each of them—fully utilizing both their available cash and future savings. But as he began outlining how the Vaults would be designed, the Fosters hesitated. They were used to the idea of diversification. After all, that’s what all the supposed financial experts preached—spread your money across accounts, diversify your holdings, don’t put all your eggs in one basket. Committing everything to one focused strategy felt... well, risky.

“Wait—all of our money?” Sara asked. They were excited about what the Passive Income Machine could offer. But going *all-in* felt like a big leap.

“What about diversification?” Frank added.

Dan nodded. “That’s a great question—and one I get a lot.” He paused and then asked, “What do you think is the real secret to achieving financial freedom in ten years or less?”

“Leverage,” they both replied confidently.

“Leverage is powerful. It’s a force multiplier,” Dan said. “But the real secret is concentration, not diversification. Think of sunlight—when it’s diffused across the sky, it barely warms the air. But when it’s concentrated into a single beam and funneled through a magnifying glass—the Vault—it produces *fire*. Every major result in life—wealth, health, relationships—comes from concentration. Diversification, as it’s often taught, is a strategy for people who aren’t in control. It’s Wall Street’s way of managing uncertainty by spreading the risk.”

Then he quoted Warren Buffett: “Diversification is protection against ignorance. It makes little sense if you know what you’re doing.”

The Fosters paused. They’d heard that quote before—but this time, it landed differently.

Dan leaned in. “You’ve been taught to spread your money around—to play defense. But the real danger is not using your money to its full potential. Every dollar in your savings—what did it cost you? Time. Effort. Sacrifice. Every dollar is a receipt for time you’ve already traded.”

He continued: “The greatest risk is letting that money sit idle—eroded by inflation—doing nothing to buy your time back. That’s the opportunity cost no one talks about.”

He paused to let it settle. “You’ve been raising your financial IQ. You’re learning how to use money intentionally. So let me ask you this: If you had access to a system that could turn \$1 into \$5, that worked *with* economic forces instead of *against* them, and that created tax-free income for life... How much of your money would you want aligned with that?”

The Fosters looked at each other. And in that moment, they knew. For the first time, they saw it clearly: Diversification had become an excuse—a crutch. A way to feel safe while staying stuck. If they weren’t in control of

their money, neither was their financial advisor. And diversifying into things they didn't understand wasn't safety—it was surrender.

“We want all of it in the system,” Frank said.

Sara nodded. “All of it.”

“Exactly,” Dan smiled. “That’s where the Vault begins.”

And from there, they moved forward—designing each policy with intention, aligned to maximize the use of all of their current and ongoing resources.

The Fosters’ Vault Design

Dan recommended two Vaults—one for Sara and one for Frank. Each would be frontloaded with \$75,000 in cash and have the capacity for \$15,000 per year in ongoing contributions. Together, the Vaults would fully utilize the Fosters’ available liquid savings and their annual savings capacity.

Dan explained how each policy was custom-designed to minimize the cost of insurance and maximize both immediate and long-term cash value, transforming each Vault into a true reservoir of wealth. Additionally, he highlighted the built-in funding flexibility—ensuring that no matter what happened, the Vaults could be structured to self-sustain, even without ongoing contributions. This gave the Fosters peace of mind, knowing their strategy was resilient and adaptable for the long haul.

Here’s what their **Year 1 Vault design** looked like:

Sara’s Vault

- Year 1 Cash Value: \$84,000
- Year 1 Death Benefit: \$2.3M

Frank’s Vault

- Year 1 Cash Value: \$83,000
- Year 1 Death Benefit: \$2M

Combined Vault Reservoir

- Year 1 Total Cash Value: **\$167,000**

FOSTERS' VAULT RESERVOIR: YEAR 1

SARA'S VAULT



YEAR 1 CASH VALUE

\$84,000

YEAR 1 DEATH BENEFIT

\$2.3M

FRANK'S VAULT



YEAR 1 CASH VALUE

\$83,000

YEAR 1 DEATH BENEFIT

\$2.0M

COMBINED VAULT RESERVOIR



YEAR 1 CASH VALUE

\$167,000

YEAR 1 DEATH BENEFIT

\$4.3M

By redirecting their liquid savings and future contributions into these two Vaults, the Fosters unlocked immediate access to approximately \$167,000 in cash value. (Actual results vary based on age, health, and policy design, but 75–90% of contributions are typically available in the first year.)

This capital became their launchpad—ready to fund short-term opportunities like real estate acquisition and to support their long-term goal of generating tax-free income for life.

Even though the Vaults were structured to maximize cash value and minimize the death benefit—reducing policy costs by up to 80%—they still met IRS requirements for life insurance. That meant the Fosters gained access to all the tax benefits of life insurance.

In fact, in addition to their cash value, the Fosters held a combined \$4 million in death benefit—a fact that would become essential in the next phase, when their Game Plan shifted from growth to lifelong cash flow.

Achieving Momentum

For the first time in their lives, the Fosters felt true clarity. They knew what their money needed to do and how to make it happen. There was a plan. A system. And most importantly—a community of support.

With their Game Plan mapped and Vaults in motion, Dan began coordinating with insurance partners to finalize their policies. While the Fosters waited for approval, Dan introduced them to advanced strategies for using the Vault like a bank—making their money more productive more often.

But what really changed everything was when they met the Empire Builder community. It was a breath of fresh air.

The Fosters were suddenly surrounded by people just like them—some already financially free, others buying their first turnkey property,

and many more firmly on the path to become financially free using the Passive Income Machine. The fear of going it alone faded. Their confidence soared. They realized their friend wasn't the exception—there were dozens of others achieving real, tangible results.

The Fosters could see it clearly now: This lifestyle wasn't a theory. It was a proven fact. They couldn't wait to see their Vaults funded and their Passive Income Machine fully activated.

Phase 2: Launch – Turning \$1 into \$5 with the Vault & Turnkey Real Estate

With their Vaults approved and funded, the Fosters entered phase 2—the launch of their Game Plan—with a clear intention: to deploy their capital into cash-flowing, turnkey real estate. They already knew the math: at an average purchase price of \$175,000 per property, they'd need to acquire approximately fourteen homes to hit their Strike Number. But this phase wasn't just about real estate. It was about taking everything they'd built—the clarity, confidence,

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"Discovering the Passive Income Machine and the true wealth principles it's built on has been life-changing. Having a game plan with clear steps to financial freedom is empowering, and we've accomplished more than we ever thought possible."

— Emily H., Utah

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and capital—and beginning the process of transforming financial resources into real wealth—without giving up their lifestyle, values, or time. This is the essence of the Passive Income Machine.

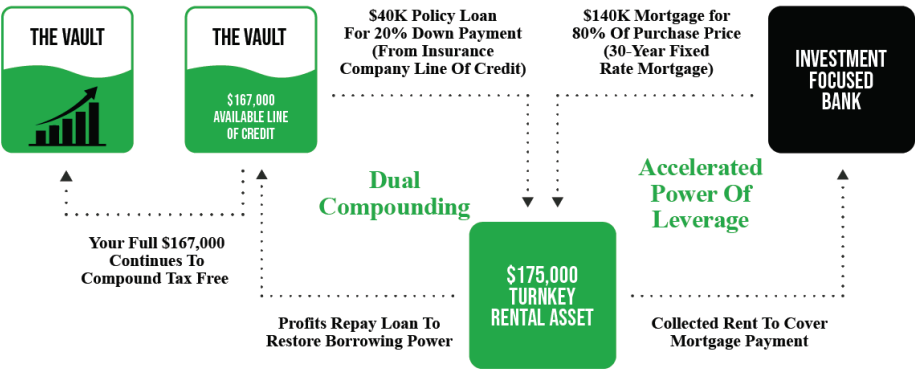
Before they entered the game of acquiring real estate, Dan reminded them, “Financial freedom is measured in cash flow but experienced in time.” That’s why it was essential to buy the right property, the right way, in the right location—and most importantly, with the right team. Fortunately, the community the Fosters were now part of brought all of these resources to the table, taking the guesswork out of the process.

With \$167,000 safely compounding inside their Vaults, the Fosters felt more confident than ever. They had just made a major move—one that aligned with the vision of freedom and the legacy they wanted to build. They planned to purchase \$175,000 homes with approximately \$40,000 needed per property for down payment, closing costs, and leasing reserves. This meant they could easily acquire three income-producing properties during their first year.

Here’s what that move looks like in action:

- \$167,000 compounding in the Vault
- \$40K policy loan accessed from the insurance company (secured by their Vault)
- 80% of the purchase price financed through a fixed 30-year mortgage (\$140,000)

FOSTERS PHASE 2: REAL ESTATE AND DUAL COMPOUNDING



They repeated this three times—taking a separate \$40,000 policy loan for each home—while still maintaining liquidity in the Vault to protect against risk and fund future opportunities. Here are the results:

The Vault

- \$167,000 total cash value compounding *tax-free between two vault policies*
- \$120,000 deployed via policy loans—while still earning uninterrupted growth on the full balance
- \$45,000 retained as liquidity—reserves for flexibility, opportunity, or safety

Turnkey Real Estate Portfolio

- 3 properties acquired ➔ \$525,000 in total asset value
- 3 mortgages totaling \$420,000 (with the bank financing 80% of the purchase price)
- \$100/month net cash flow *per property* (after mortgage + 30% reserves)
- \$300/month *total positive cash flow*—100% tax-free

This wasn't a fluke. It was a blueprint. One policy loan, one property at a time. By year two, the same exact process played out again. Then again in year three. Like clockwork.

The Moment Most People Miss

With the capital now in position, Dan walked the Fosters through the mechanics of using policy loans for down payments, working with lending partners to secure 30-year fixed-rate financing, and evaluating both *year-one performance* and *ten-year projections* for each property.

During their meeting, Sara glanced at Frank, her brow furrowed but softening. This was no longer a dream they might pursue “one day.” It was happening—now. “We’re actually doing this,” she whispered.

Dan emphasized the bigger picture: “Winning in this game isn’t about how much leverage you use or the rate of return you earn. It’s about staying in the game long enough to experience the *inevitable asymmetric upside*—where your money compounds in alignment with the Wealth Forces.”

He reminded them, “We’re playing a game we already know how to win—more importantly, we know how to *avoid* losing. That’s why we build in 30% reserves for vacancies and repairs—and why we maintain liquidity in the Vault. Not because something will go wrong, but because this is the natural rhythm of owning real estate. A conservative, experience-based approach recognizes that, over time, approximately 30% of collected rents will go toward maintenance, vacancies, and make-readies. Planning for that isn’t defensive—it’s intelligent design. We plan for it now so it never derails the future.”

Over the next few months, with the full support of Dan, the real estate coaching team, and the broader community of Empire Builders, the Fosters completed phase 2 of their Game Plan. They had officially launched their Passive Income Machine—deploying their capital into three high-performing turnkey properties. They did what most people never do in a lifetime:

- They took control of their money—on their terms.
- They transformed disciplined savings into income-producing assets.
- They unlocked the most powerful financial tool available: strategic, calculated leverage.
- They built a system designed to make wealth inevitable.
- And they positioned themselves to never trade time for money again—unless they chose to.

The Fosters weren’t just investing—they were becoming Empire Builders. They were no longer speculators chasing returns. They were intentional, strategic, and empowered. And now, with their first few properties in place, they were eager to reconnect with Dan and ask the question every driven person eventually asks: “What’s next?”

They recapped their journey—the confidence they felt, the lessons learned, the momentum they were building. Their words, their energy, even their posture had changed.

Dan listened with a smile and then paused. “First,” he said, “congratulations. You’ve done what most people only talk about. But my next suggestion might surprise you.” Frank and Sara leaned in, expecting strategy, spreadsheets, or maybe a new goal to chase. But something in Dan’s expression told them this moment was different—more personal. “You’re both driven. You’ve proven that. You fit the ‘rise up, live free’ mentality of this community perfectly. But now comes a step most people overlook—and it’s *crucial* to sustaining your momentum.”

They waited.

“You need to celebrate.”

The Fosters blinked, caught off guard. They expected the next step to be about tax strategy or scaling their portfolio—not... celebrating.

But Dan continued, “You see, most people delay life for ‘someday.’ They defer joy, dreams, connection—waiting until they retire, until they have ‘enough,’ until everything feels safe and settled. But for most people, that day never comes. And they die with a heart full of regret—for all the *somedays* they never had the courage to live.”

He leaned forward. “If you want to *be* free—not just financially, but in every way—you have to learn to *live* free along the way.”

He explained how celebrating Game Plan milestones isn’t just a nice idea—it’s neuroscience. Meaningful rewards create emotional anchors. They trigger dopamine, reinforcing the habits that got you here: saving, using your Vault, acquiring assets, following your plan. That feeling makes you want to keep going—bigger, bolder, better.

Then he asked, “So, what would a meaningful celebration look like for you two?”

Sara and Frank looked at each other—and Dan could tell they already knew. Sara smiled. “We haven’t been away, just the two of us, since our

honeymoon. Between work and the kids, it's been nonstop. We've always dreamed of a quiet weekend—just us, a cozy cabin, good food, no distractions. A chance to reconnect.”

Frank nodded. “That sounds perfect.”

Dan smiled. “So what's stopped you?”

Sara hesitated, then quietly admitted, “I guess... we've been waiting for the right time.” And just like that, they saw it. They'd been caught in the “one day” trap.

“Well,” Dan said gently, “how about *today*? Book it. Honor what you've accomplished—and who you're becoming. Go live free. And when you get back, we'll move on to phase 3 of your Game Plan: scaling your Passive Income Machine.”

Becoming an Empire Builder One Move at a Time

Phase 2 is where the Passive Income Machine starts turning. But more importantly, it's where belief starts building. The Fosters are just one example—but their process is your process. The names, the numbers, the pace—those will vary. But the system stays the same—because it's designed to flex to your life, your goals, and your resources.

With each move, you shift from financially dependent to financially independent. You take control of your money and raise your Financial IQ—not through theory, but through real-world progress. In doing so, you become the Empire Builder you were meant to be.

As the results start stacking up, your doubts fall away. It stops feeling like a dream and starts looking like a plan. You don't just hope for freedom—you see the system, you trust the process, and you start to believe.

And once belief takes root, the only variable left is time. Where the Fosters once wondered *if* they'd ever be free—now, they knew *exactly* how they'd get there. With their system in place and the reps stacking up, it was time to enter phase 3, replenish the Passive Income Machine, and turn it again. And again. And again.

Phase 3: From Launch to Scale – Where Momentum Meets Discipline

By the end of year one, Frank and Sara Foster had transformed \$150,000 of idle savings into two fully funded Vaults and used \$120,000 in policy loans to acquire three turnkey properties valued at \$525,000—without interrupting the compounding growth of their original capital.

Dan maintained a personalized scorecard that helped the Fosters track and visualize their progress. In just one year they had built 28% of their recommended five-year Vault reservoir and achieved 22% of their required real estate asset base.

PASSIVE INCOME MACHINE SCORECARD: YEAR 1

VAULT SCORECARD

CURRENT CASH VALUE



\$166,984

MINIMUM CASH VALUE



\$360,000

RECOMMENDED CASH VALUE



\$600,000

TURNKEY REAL ESTATE SCORECARD

CURRENT ASSET BASE



\$525,000

REQUIRED ASSET BASE



\$2,400,000

ADD'L SFR'S REQUIRED



11

As they entered phase 3, the game shifted from launch to scale. This is where real investors are forged—not in bold beginnings, but in quiet consistency. While others chase hot tips or wait for perfect timing, the Fosters committed to something better: a system designed to work *with* time, not against it.

From Active Saving to Automatic Acceleration

The \$300/month in free cashflow that the Fosters' first three properties produced after accounting for all expenses may seem modest—until you realize what it represents:

- A **12% increase** in their effective savings rate—from \$30,000 to \$33,600—without lifting a finger.
- When captured inside their Passive Income Machine, that \$3,600 became **\$18,000 of working capital**, thanks to the leverage and compounding built into the system.

Each dollar coming back into their Passive Income Machine system now accelerated the pace at which they restored their Vault line of credit and could acquire the next turnkey asset. Every dollar had a job and every job accomplished fueled the process. And they were just getting started.

Now, the Wealth Forces were compounding in their favor. Their money was multiplying faster than they could ever save it. And because their system included reserves, buffers, and flexibility by design—they were never at the mercy of markets, headlines, or unexpected setbacks.

The Fosters' Phase 3 Plan: One Property Per Year

With proof of concept in hand and momentum on their side, the Fosters committed to a simple, repeatable rhythm:

1. Save \$30,000/year (\$2,500/month), split between their two Vaults.
2. Let that capital compound tax-free while borrowing against it to fund down payments on turnkey properties priced around \$175,000.
3. Ensure each property produced positive cash flow—after covering mortgage, taxes, insurance, and setting aside 30% of rents for repairs, vacancies, and maintenance.

They followed this plan with discipline and consistent execution.

By year five, their portfolio had scaled from three to seven income-producing properties—each one acquired with the same winning formula: Vault leverage, smart lending, and passive turnkey support. And with each turn of the crank, they became better, more confident, and more sophisticated investors.

They met regularly with Dan—not just to optimize taxes or protect assets, but to strategize, recalibrate, and celebrate every milestone. They were no longer just members of a community—they had also become leaders within the community.

When a new couple joined the movement—filled with hope but still burdened by doubt—the Fosters saw a reflection of themselves just a few years earlier. They shared their story. They talked about the shift from fear to clarity, from Wall Street noise to real-world results. And when that couple decided to take action and launch their own Passive Income Machine, the Fosters felt something even greater than progress: purpose.

Over time, the Machine operated with predictable momentum. But most importantly—the Fosters were *living*. They celebrated their wins. They set new, bigger goals. They spent more time enjoying today than worrying about tomorrow.

Even their work took on new meaning—not out of financial pressure, but out of creative drive. With a predictable system in place to protect, grow, and multiply their savings, they felt energized—eager to contribute, excited to earn, and motivated to channel more into their freedom producing system. They had discovered one of the most empowering truths of all: Financial freedom doesn't begin at the *end* of the journey. It's created *along the way*.

Phase 3 isn't flashy, but it's foundational. This is how wealth is actually built:

- With intention, not intensity
- With strategy, not hope
- With systems, not guesswork

By staying in the game, the Fosters did what few ever do: They built momentum that no longer depends on willpower—only on repetition. Their

Passive Income Machine now ran like clockwork, and they were ready for the next evolution of their Game Plan—where equity would become their greatest accelerant.

Leveraging Equity to Scale

At the end of their fifth year operating the Passive Income Machine system, the Fosters sat down for another check-in with Dan. They had come to love and respect Dan for unlocking their future all those years ago. Now he was one of their closest confidants.

After five years of disciplined execution, the Fosters were on track to make their original goal: \$10,000/month of spendable, tax-free income. But little did the Fosters know, Dan had something else in store for them—a move that would dramatically accelerate their progress.

They started by reviewing the numbers.

The Passive Income Machine: 5-Year Progress Report

Dan pulled up the Fosters' Passive Income Machine scorecard, and they immediately saw just how far they'd come.

In just five years, their consistent \$30,000-per-year habit of saving and repositioning money into their Vaults had paid off. Even after funding multiple properties, the compounding had quietly stacked in their favor. Their Vault reservoir was now 50% of the way to their original goal of \$600,000 in accumulated cash value—enough to cover several years of desired spending.

Vault Snapshot

- Combined Vault Reservoir Completion Percentage: **50%**
- Combined Vault Cash Value Reservoir: **\$302,000**
- Combined Death Benefit: **\$4.3M**
- Combined Policy Loans (used to acquire turnkey properties): **\$241,000**

PASSIVE INCOME MACHINE SCORECARD: YEAR 5

VAULT SCORECARD

CURRENT CASH VALUE



\$302,754

MINIMUM CASH VALUE



\$360,000

RECOMMENDED CASH VALUE



\$600,000

TURNKEY REAL ESTATE SCORECARD

CURRENT ASSET BASE



\$1,461,486

REQUIRED ASSET BASE



\$2,400,000

ADD'L SFR'S REQUIRED



7

What struck them most wasn't just the dollar amount—it was how predictable and stable the journey had been. No market swings. No sleepless nights. Just disciplined savings, strategic leverage, and uninterrupted compounding.

Even with outstanding policy loans (used to acquire their properties), they were still earning uninterrupted growth on the entire net cash value—a benefit most investors never experience.

As they looked closer, Dan pointed out a new insight: “Based on your current trajectory, your original Vaults will top out around \$520,000 by year ten. That’s just under \$100,000 short of the \$600,000 reservoir target we set in phase 1.” Rather than seeing that as a setback, Dan smiled. “But don’t worry about that gap. We’re going to let your Passive Income Machine solve that for

us using strategic leverage—not effort.” The Fosters leaned in, now seeing how much their system had been doing behind the scenes.

Next, Dan pulled up the Fosters’ real estate portfolio. They owned seven properties, all operating smoothly. And the best part was they were truly passive. None of them required Frank or Sara to be landlords, field late-night calls, or deal with broken toilets.

Dan smiled, “You’ve built a portfolio most people think is impossible, and you did it in just five years.”

The Fosters glanced at each other. It hadn’t felt like they were building an empire. But looking at the numbers—how everything was stacking up—it was clear: the system was working. They reviewed each property’s performance. Dan highlighted how the steady, predictable appreciation in home values combined with tenants quietly paying down the mortgages had created a snowball of equity they hadn’t even been counting on.

“Your rents have gone up slightly each year,” Dan noted, “but because you locked in 30-year fixed mortgages, your biggest expense has stayed the same. That means you’re squeezing more and more cash flow out of the same assets—without additional effort.”

Sara smiled. “It’s kind of crazy. We thought owning seven rental properties would be overwhelming, but with our property managers handling everything, we barely even think about it. It just... works.”

Dan nodded. “That’s the beauty of turnkey done right—with the right markets, smart lending, and reliable teams, you’ve scaled your portfolio without scaling your stress.” Then together they evaluated the Fosters’ turnkey real estate portfolio:

Real Estate Scorecard

- Total Asset Base Completion: **61%**
- Turnkey Real Estate Portfolio Value: **\$1.46M**
- Real Estate Equity: **\$525,000**
- Combined Monthly Net Cash Flow after all expenses and 30% in reserves: **\$1,300** (an average of about \$185 per property)

Dan pointed out that because their homes had gone up in value, the average value of the seven properties in their portfolio was just over \$205,000 even though they had been buying properties at an average cost of \$175,000. This meant time and inflation were working for them.

They were well on their way to their Strike Number. But Dan leaned forward with a grin. “You’re not just on track—you’re ahead. Which means it’s time to unlock the next level.”

The Fosters were intrigued.

“Are you ready for your first equity harvest?”

They looked at each other, then back at Dan. “Equity harvest? Dan, what are you talking about?”

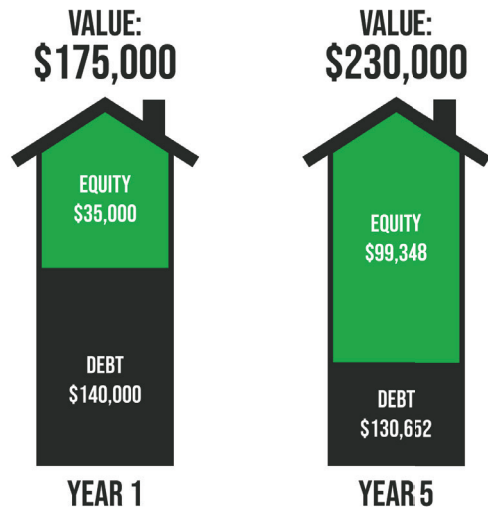
Converting Equity to Cash Value

Dan broke it down simply: “Right now, you’ve built up hundreds of thousands in equity, but it’s not doing anything. It’s just potential—sitting idle—until you decide to unlock it.” He pulled up a chart and pointed to one of their first properties:

Example: Property 1

- Original Purchase Price: **\$175,000**
- Current Appraised Value: **\$230,000**
- Remaining Mortgage: **\$130,000**
- Built-Up Equity: **~\$100,000**

“That’s \$100,000 in just one home,” Dan said. “And you bought three at the start of your Game Plan.” He paused to let them consider the numbers. “Here’s the



play: any bank—especially the ones we partner with inside our community—will let you **harvest that equity** through a cash-out refinance. Just like a fruit that’s ripe for picking, equity can be harvested once it matures.”

He explained further: “Most banks will lend up to 75–80% of a property’s current value. So, in this case, with an appraised value of \$230,000, the bank is willing to lend up to \$184,000. Since your current mortgage is only \$130,000, that leaves about \$54,000 the bank is willing to give you in cash. You’re simply replacing the old mortgage with a slightly bigger one.”

Then he showed the math:

Equity Per Home:

- Appraised Value: ~\$230,000
- 80% Loan-to-Value: ~\$184,000
- Current Mortgage: ~**\$130,000**
- Cash-Out Refinance Proceeds: ~**\$54,000**

3 Homes × \$54,000 = \$160,000 Unlocked

The Fosters had heard others in the community talk about equity harvests, but they’d never considered it this early in their journey. Now, with the potential to unlock \$160,000 of equity, they leaned forward—curious, excited, and full of questions.

“That’s a big number,” Frank said, his voice trailing into awe. “That’s more than I make in a year at my job. Would a bank really just... hand us that?”

Dan smiled. “Oh yes. Especially the lenders we work with. These banks specialize in helping investors like you. But think about it—lending is a bank’s business. They want to lend you money. You just need to know how to access it.”

He leaned in. “And here’s the fascinating part. Until you request a refinance, that money doesn’t even exist. The bank lends it into existence. That’s how our economy works. That’s how the Wealth Forces work.”

Frank’s eyes narrowed with interest. “So, when we refinance—”

Dan nodded, finishing the thought. “—the bank creates a new mortgage and hands you a check for the difference between your current loan balance and the new loan amount.”

Sara jumped in. “What about taxes? If we’re getting checks from the bank, doesn’t that count as income?”

“I love where your mind is going,” Dan said. “Taxes are core to the Passive Income Machine. But here’s the thing—when you understand the tax code written as a book of incentives, you start to see how the IRS rewards activities like borrowing. You won’t pay any taxes at all. Let’s break it down with a simple example. Say Visa sends you a credit card with a \$50,000 limit. You max it out—vacation, furniture, gadgets. You now owe Visa \$50,000. At the end of the year, do you have to pay taxes on that money?”

The Fosters looked at each other and shook their heads. “No.”

“Exactly,” Dan said. “But why?”

Sara answered slowly, working it out aloud. “Because even though we spent \$50,000, it’s debt. It has to be paid back.”

“Exactly. That’s the key,” Dan said. “To the IRS, debt is not income—it’s money borrowed. Most people use debt to consume. The wealthy use debt to produce. You’ve already used debt to acquire seven properties—assets. And

Expertise Matters

Most agents have no idea how to design a Vault—let alone one structured as a single-premium policy that still qualifies as life insurance. Fewer than 3% of insurance companies even offer the right kind of product. Only a Tactical Wealth Strategist knows how to execute this advanced strategy and coordinate it with a customized Game Plan. We cover exactly how to design a Vault for a cash-out refinance in the Launchpad—access it at **www.PassiveIncomeMachine.com/Launchpad** or by scanning the QR code.



now, with equity built up, the bank will give you more debt and cut you a check for the equity—without taxes. Because it's still debt."

The Fosters sat back in stunned silence, letting the realization sink in.

Dan continued, "This is why Robert Kiyosaki says the rich don't work for money—they work for assets. When you earn money at a job, you pay taxes. When you build assets, you create wealth. And when you access that wealth through debt, you bypass income taxes entirely."

Sara stood up and began pacing, thinking aloud. "So, this is the game..."

Frank watched her, a grin slowly spreading across his face. She had always been smart. But now, she was dangerous—dangerous because she saw the game of money for what it truly was. And more importantly, she was learning how to play it on *their* terms. Frank loved this about her.

She turned to Dan, energized. "I see it now. Our job is to turn the money we earn from our active efforts into assets. And an asset is anything that can be used as collateral to secure debt—so the bank prints new money for us. And because it's technically debt, it's not income, so it's not taxed."

Dan smiled. "You've got it."

"And this is why we use real estate," Sara continued, connecting the dots. "It lets us borrow to buy the property, and later borrow again—this time against the equity. And because it's a single-family home in a great neighborhood, it has real value. We rent it out to people who want a great place to live, and that rent covers the cost of the debt, the mortgage payments. It's... brilliant!" She paused mid-thought, her eyes widening. "So... are you saying we can go back to the bank and they'll cut us checks for over \$160,000—tax-free—just for refinancing?"

"Yep," Dan said simply. "Your monthly mortgage might increase slightly, but remember—you've raised rents gradually over the past few years. The new payments will be easily covered."

Sara sat back down, almost dazed. "This feels like magic."

Dan laughed. “It’s not magic—it’s mastery. And now let’s take it one step further.” He opened his laptop and turned the screen toward them. “Now that you’re ready to unlock this capital, the next step is to move it into a Single Premium Vault—immediately. Here’s why: when the bank hands you that check, it’s still money in their system, not yours. Until you take control, that money remains exposed—to taxes, to inflation, and to opportunity cost. Left in a checking or savings account, it can only do one job. But once you reposition it into a Vault, it enters your system—a private, tax-advantaged, multi-purpose reservoir. That \$160,000 instantly becomes part of your long-term strategy, expanding your Vault Reservoir and working for you for the rest of your life.”

“And here’s where it gets fun,” Dan continued. “Once that money is in your Vaults, we’re not just going to let it sit there. Remember—your Vault isn’t the destination, it’s the engine. We’ll immediately use policy loans from these new Vaults to fund the next round of your Game Plan—more turnkey real estate. In your case, this \$160,000 is enough to cover the down payments and closing costs for approximately three to four additional properties. That means more rental income, more equity growth, and even more capital flowing back into your Vaults for the next rotation of the Machine.”

Frank nodded. “So, we get control.”

“Exactly,” Dan said. “And it keeps growing tax-free for the rest of your life. Plus, the policy gives you access through private loans—on demand, no questions asked. No credit check. No bank approval. No mandatory repayment schedule. It’s money operating in your private banking system and it stays in your control forever.” He pointed to the screen again. “And here’s the big picture—what you’re really risking by *not* moving that \$160,000 into a Vault isn’t just the money. It’s the opportunity cost of lost compounding.”

He clicked to the next slide.

Opportunity Cost Over Time (at a conservative Vault growth rate):

- 10 years: **\$273,303**
- 20 years: **\$466,841**

- 50 years: **\$2,326,714**
- 100 years: **\$33,834,982**

Frank leaned in, eyebrows raised. “You’re telling me if we set up new Vaults and move that money in today, it could grow to *this*—and we still have full access to it?”

“That’s right,” Dan said. “These new Vaults can be structured as single-premium policies. Meaning, you make one deposit—and never have to fund them again. They’ll grow every single year, tax-free, with uninterrupted compounding.”

Sara asked, “Why are you showing us one hundred years of growth? Frank and I are in our mid-forties. We won’t live that long.”

Dan grinned. “That’s true. But your money doesn’t have to die with you. This is how generational wealth is built. This is how families like the Rockefellers have perpetuated wealth for seven generations. Your Vaults aren’t just your financial foundation—they’re the blueprint for a family legacy.”

He paused and then continued. “Unbeknownst to you, you’ve already built the system for generational wealth. We’ll refine that in phase 4 of your Game Plan. But for now, just imagine a world where your money never stops working—and never stops growing.”

Frank let out a quiet laugh and said, “Dan, you never cease to amaze. We’re in. What’s next?”

The Power of Perspective

That night, the Fosters went out to talk about the breakthrough they had experienced that day with Dan. They were still in disbelief—stunned by the infinite possibilities this one move had opened up, both now and for the future. They saw the world of money differently.

WHAT THE FOSTERS DID DIFFERENTLY



For the first time, they didn’t feel like they were following someone else’s plan. They *were* the plan. This wasn’t luck or speculation. This was *systematized wealth building*.

Their portfolio had been quietly doing the heavy lifting—growing in value, reducing debt, and creating equity that was trapped by the bank. Now, that equity had been *unlocked*.

And with \$160,000 of new capital flowing into their private wealth system without the burden of taxes, they didn't just feel wealthier. They felt *empowered*. And they were approaching their goal ahead of schedule.

Over the next few months, the Fosters completed three cash-out refinances—unlocking \$160,000 from properties they already owned, without selling them. They danced around the kitchen that night, laughing like kids. For the first time in a long time, the weight of “what if” had lifted. They weren't stuck anymore. It felt like they had printed money. Because in a way—they had.

They were playing the bank's game now. Only this time, they were playing to *win*.

Years 6–7: The Final Push

Fueled by the \$160,000 they unlocked in year five and immediately moved into their new single-premium Vaults, the Fosters pulled private loans to acquire more turnkey rental homes. Combined with their continued discipline in saving, this accelerated the final stretch of their acquisition phase. They had built the machine, and now, it was time to put it to work. In just over seven years—without gambling on Wall Street, working a second job, or sacrificing their lifestyle, the Fosters had built a fully functional Passive Income Machine.

They now had,

- ✓ 14 turnkey properties worth over \$3 million
- ✓ \$1 million in equity, even after unlocking \$160,000 in year five
- ✓ \$600,000 in Vault cash value, compounding tax-free
- ✓ A wealth engine designed to produce income for life—and legacy beyond it
- ✓ Permanent life insurance protection that secured their strategy and covered every mortgage, ensuring their family was protected no matter what.

But their stellar portfolio didn't just create freedom. It created certainty and proof that financial freedom is not just a dream—it's a blueprint others can follow. And with their Passive Income Machine built and optimized—the Fosters were ready for the final phase:

Phase 4: Orbit

In this phase of the game, the rules of money change, the interaction between the Vault and turnkey real estate transforms, and the Passive Income Machine moves from growth mode to income mode with the strategy we call the Equity Mill. With this system, you can turn trapped equity into six figures of tax-free income—for life. Join us in the next chapter to learn how.

Ready to Build Your Own Game Plan?

Like the Fosters, you don't need to hope for the best or blindly follow traditional financial advice. You need a system—a clear, proven plan that shows you exactly how to get from where you are to where you want to be.

The Launchpad will help you,

- Discover your required asset base to create income on your terms
- Learn how to structure your Vault for maximum cash value and protection
- Use the four phases of financial freedom to build, grow, and secure wealth
- Understand how to leverage equity and taxes like the wealthy do
- Create a personalized Game Plan that puts you on the fast track to financial freedom



It's not about working harder. It's about *finally* having a strategy. Access your Launchpad now at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code. Don't just admire someone else's plan—build your own and launch your freedom.

"When people ask me what 'American Pie' means, I tell them it means I don't ever have to work again if I don't want to."

— Don McLean, on the lyrics of "American Pie"

12

THE EQUITY MILL

How to Create Six Figures of Tax-Free,
Inflation-Adjusted Income for Life

The Equity Mill is the fourth and final phase of your Passive Income Machine—the point where wealth is converted into perpetual income. By combining the Vault (your protection asset) with a portfolio of appreciating real estate (your growth asset), you unlock a system that generates six figures or more of tax-free, inflation-adjusted income for life.

Unlike traditional retirement plans that slowly draw down your balance until depletion, this strategy leverages policy loans and real estate equity to create perpetual income—without selling assets, triggering taxes, or running out of money. This is the chapter where everything else you've learned so far comes together. We'll show you how to set up your Equity Mill, activate it, and repeat the process—forever.

From System to Stream: The Final Shift to Freedom

If you've made it this far, you already know that freedom is a formula, not a fantasy. In the last chapter, you saw that formula in motion with the Freedom Fosters. Next, you'll follow the Fosters as they demonstrate the full Equity Mill strategy.

The Fosters began with some savings and a willingness to follow their Game Plan. Over seven years, they turned consistent action into a fully functioning Passive Income Machine—one that didn’t just build wealth but positioned them to live free.

Now it’s time to see what happens when the Passive Income Machine is fully optimized. This is the next phase of their journey, and it’s the next phase of yours.

Welcome to phase 4—the orbit phase—where your Passive Income Machine transitions into a stream of perpetual income through the Equity Mill strategy. The Vault, the real estate, the reserves—everything you’ve built now moves from growth to harvest. The system is no longer just about scale—it’s about conversion: converting the value of your portfolio into sustained income and lasting freedom—perpetually.

The Equity Mill Strategy

The Equity Mill transforms everything you’ve built—your Vault Reservoir and turnkey real estate—into a dependable, scalable income stream for life. Unlike Wall Street strategies that defer or dodge the biggest threats to your income—taxes, inflation, market volatility, and depletion—the Equity Mill faces them head-on and uses them to your advantage, fueling predictable, perpetual cash flow.



This is why you've done all the work. This is financial freedom.

So why call it the Equity Mill? A mill is a machine built for transformation. It takes raw, unrefined materials—grain, lumber, metal—and refines them into something of greater utility and value. The Equity Mill works the same way. It takes the raw materials of your wealth—your turnkey real estate and your Vault—and transforms them into tax-free, inflation-adjusted, spendable income. Together, they form a powerful, integrated strategy that refines your income into its most optimized, resilient, and enduring form: **perpetual income**.

In this section, we'll analyze how the Equity Mill neutralizes—or even leverages—each of the four threats to perpetual income. We'll go threat by threat—starting with the biggest mistake most people make in their retirement planning: taxes.

Perpetual Income & Taxes

If you've made it this far, you know it's vital to neutralize the threat taxes pose to your retirement income. You're building toward more income, more freedom, and a better life. The Equity Mill strategy doesn't just defer taxes like most plans—it eliminates them from the income equation altogether. To understand how, we need to look at the three primary tax codes that govern how income is treated in the U.S. tax system:

1. Ordinary Income Tax Code
2. Portfolio Income Tax Code
3. Passive Income Tax Code

1. Ordinary Income Tax Code (30–40%)

Let's start with the most familiar—and most punitive. If you're an employee, your income is taxed before you ever see it. If you're a business owner, you get some flexibility, but any earned income you report is still subject to ordinary income tax rates—up to 40% combined federal and state.

Most traditional retirement plans—IRAs, 401(k)s, and other “qualified” accounts—trap you in this tax code. You contribute pre-tax dollars today. Then in retirement, every dollar you withdraw—both principal and gains—is taxed as ordinary income.

And here’s the problem: the ordinary income tax code is the most restrictive of all. Most deductions that reduce taxes (like child credits or mortgage interest) no longer apply in retirement.

Remember the Fosters from the previous chapter? Their goal was simple: enjoy \$10,000 a month of spendable income—or \$120,000 per year. In the traditional model, that means they’d need to withdraw \$200,000 annually from a qualified retirement account just to net \$120,000 after taxes (assuming a 40% effective tax rate).

Now apply the 4% rule: To “safely” withdraw \$200,000 per year, they’d need a retirement account worth \$5 million. And that’s assuming tax rates don’t go up.

That’s not just a challenge—it’s a mathematical impossibility for most families. No amount of budgeting, saving, or chasing higher returns is likely to get them there.

2. Portfolio Income Tax Code (15–20%)

The ordinary income tax code punishes success. The more you earn, the more you pay. That’s why many investors and financial advisors try to shift your income into the portfolio income tax code—which typically taxes income at 15–20%, depending on your income and how long you’ve held the asset.

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“After decades of following traditional advice—degrees, careers, maxed-out 401(k)s, no debt—we realized we were stuck in the rat race, missing our kids’ golden years, and not truly living. The Money Mastery program and Passive Income Machine gave us clarity, a proven system starting with the Vault, and a mindset to enjoy life now while building lasting freedom and legacy. We’re confident, on track, and finally creating the life we want for ourselves and our children.”

— Darshan & Anika G.,
California

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This is the world of capital gains. You buy an asset—like stocks, mutual funds, or even investment real estate—and later sell it for more than you paid. The profit gets taxed as a capital gain, not ordinary income. At first glance, it feels like a win: lower tax rate, fewer penalties, and more flexibility.

But here's the catch: You only get the income when you sell the asset. That means your net worth or asset base shrinks every time you take a pay-check. And if markets dip, or interest rates spike, or your timing is off, you could be forced to sell more than planned earlier than planned just to maintain your income.

It's a fragile way to live, and it violates the most important principle of the Passive Income Machine: Never eat the goose that lays the golden eggs. In order to create perpetual income, we must maintain ownership and control over assets—not sell them.

Let's say the Freedom Fosters decide to retire using a typical portfolio income strategy. They have \$2 million invested in mutual funds and ETFs. To generate \$120,000 of spendable income, they sell \$150,000 worth of assets each year. After paying 20% capital gains tax, they're left with around \$120,000. It sounds work-able... at first.

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 "You're not really free if you have to eat
 your assets to survive."

— Robert Kiyosaki

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However, by year ten, they've sold off \$1.5 million of their portfolio—75% of their original assets. That's assuming markets keep rising, taxes don't increase, and there are no major health emergencies, market corrections, or unexpected costs.

But life doesn't work that way.

Even small disruptions compound over time. And suddenly, the Fosters are looking at a shrinking portfolio with twenty-plus years of retirement still ahead. This is the hidden risk of relying on portfolio income: Depletion is built into the system.

3. Passive Income Tax Code (0%)

Welcome to the third—and most misunderstood—tax code. It's where the wealthy live: passive income. This is where the Equity Mill strategy thrives because it avoids taxation altogether—not by evasion but through intelligent design.

The wealthy don't rely on earned income. They don't sell off assets to survive. They leverage their assets to produce income. Instead of working for money or selling to access cash, they tap into **phantom income**—money that *functions* like income but *doesn't* show up on a tax return. Let's break down four major types of phantom income:

Phantom Income 1: Appreciation

Appreciation occurs when the value of an asset increases—say, a \$175,000 home rises to \$250,000. That \$75,000 of increased value is real, but it's not taxed until it's realized through a sale.

But rather than selling the asset and triggering a taxable event, the wealthy borrow against appreciation. Just like we showed with the Fosters in the previous chapter, the wealthy access the value through debt.

No sale = No capital gains.

No income = No tax liability.

With the right strategy, you work to acquire assets—and then use those assets to access debt as income, without selling, shrinking, or paying taxes.

Phantom Income 2: Depreciation

Depreciation is a powerful tax tool that lets you deduct a portion of your investment property's value over time. While your property may appreciate in real life, the tax code treats it as though it's losing value due to wear and tear.

Sophisticated investors use depreciation to offset other income—creating a phantom income buffer that can even wipe out other forms of taxable income coming from ordinary income or portfolio income.

Phantom Income 3: Amortization

Every time you make a loan payment on anything from a mortgage, a car loan, or a credit card payment, you reduce your principal—this is amortization. Most people use after-tax income to pay off their debts. But real investors—Empire Builders—buy assets, like single-family rentals, that others pay for. Renters make monthly payments that reduce your debt and increase your equity.

Their income becomes your net worth. This is a slow but powerful way to build wealth without lifting a finger and without paying a dime in taxes.

Phantom Income 4: Policy Loans

This is the final—and most versatile—form of phantom income inside the Equity Mill strategy. A policy loan is a private, contractually guaranteed loan issued by your life insurance company and secured by the cash value inside your Vault.

Unlike traditional bank loans, policy loans give you full control and the following benefits:

- No applications
- No credit checks
- No income verification
- No repayment schedule

You are the banker. You can borrow up to the amount of your available cash value at any time, for any reason. The insurance company uses your death benefit as collateral and issues the loan from the general account—not by liquidating your policy. This allows your cash value to continue growing uninterrupted, even while you're using it.

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"The Vault has become both the foundation and catalyst for our financial freedom, accelerating our plan and giving us clarity. It allows us to save, invest, and maintain liquidity with peace of mind, knowing our funds are protected and always working for us. The training and support from the Money Mastery team have been invaluable."

— David & Jeanette B.,
North Carolina

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And the best part? Policy loans aren't taxable. In fact, they're not even reportable to the IRS. If this were your only source of income in a given year, you wouldn't even need to file taxes.

This is why the wealthy love policy loans. They're fast, liquid, private, and the most tax-advantaged source of income available. That's why they sit at the heart of the Equity Mill strategy. **Debt is money. And loans aren't taxable.** Let's repeat that so you never forget it: Loans aren't taxable.

THE 4 TYPES OF PHANTOM INCOME FOR 0% TAXES



APPRECIATION

- ✓ Property values rise
- ✓ No taxes on unrealized gains
- ✓ Can borrow against increased value



DEPRECIATION

- ✓ Creates tax write-offs
- ✓ Offsets ordinary or portfolio income
- ✓ Accelerate for bigger deductions now



AMORTIZATION

- ✓ Tenants pay down your loan
- ✓ Equity grows automatically over time
- ✓ Build wealth without contributing more cash



POLICY LOAN

- ✓ Private line of credit you control
- ✓ You set the repayment terms
- ✓ Keeps compounding even while borrowed

That's why the wealthy don't sell—they borrow. They access spendable income without triggering taxes, giving up control, or selling off their most valuable assets. It's exactly how billionaires like Jeff Bezos, Warren Buffett, and Donald Trump fund their lifestyles while paying little—or nothing—in income taxes.

According to a 2021 *ProPublica* report, Jeff Bezos paid less than a 1% true tax rate by borrowing against his Amazon stock instead of selling it.¹ It's not a loophole—it's a strategy. And the most exciting part is that you don't need billions to play this game. With the Passive Income Machine, you just need the right system.

Let's see how this worked for the Freedom Fosters. Their goal was to enjoy \$10,000/month in net spendable income during retirement—or \$120,000 per year. With the Equity Mill strategy, they'll fund this using policy loans from their Vault, then periodically replenish those loans through cash-out

1. Stephen Engelberg, "Recent White House Study on Taxes Shows the Wealthy Pay a Lower Rate Than Everybody Else," *ProPublica*, Oct 6, 2021. <https://www.propublica.org/article/recent-white-house-study-on-taxes-shows-the-wealthy-pay-a-lower-rate-than-everybody-else>

refinances from their real estate portfolio. They won't need to sell assets, pay taxes, or make withdrawals. They'll experience no depletion.

In the previous chapter, the Fosters set a Vault Reservoir target of five years of desired spending, accumulated in cash value. This reservoir gives them access to \$600,000 in tax-free liquidity—shielded from market risk, interest rate volatility, and taxes. It allows them to fund five full years of spending through private policy loans before tapping into their real estate equity to refill the Vault. Meanwhile, their wealth—both the Vault cash value and their real estate equity—continues to grow untouched in the background.

The Power of Tax-Free Income

The goal of the Passive Income Machine is perpetual income, but you can't get there using a system that taxes you for working, penalizes you for success, and forces you to sell your future just to survive.

By understanding these three tax codes and leveraging the 0% phantom income code through appreciation, depreciation, amortization, and policy loans—you escape the rat race forever.

Ryan Lee

When I started building my Passive Income Machine, I thought the key was cash flow—buy enough rentals, collect enough rent, and eventually walk away financially free. But my first deal taught me a hard truth. After paying the mortgage, paying property management, and setting aside reserves, I only had a few hundred bucks left over each month. At that rate, I'd need fifty properties to hit my goal of \$10,000 a month. And let's be real—most people aren't going to manage fifty rentals.

That's when I realized cash flow keeps you in the game, but it's not what makes you wealthy. It covers the bills, absorbs surprises, and makes ownership sustainable. The true value of real estate is in the equity—and how that equity behaves over time. It grows automatically through appreciation and inflation, builds quietly through amortization, and becomes accessible tax-free through strategic refinances.

Perpetual Income & Depletion

As we explored back in chapter 1, the greatest financial fear people face isn't taxes or inflation—it's running out of money in retirement. Traditional draw-down strategies only amplify this fear. You live in a state of constant scarcity, hoping your money lasts as long as you do.

The Passive Income Machine solves this by eliminating depletion altogether. Instead of spending down assets, you harvest the profit centers of your Vault and real estate—without ever needing to sell them.

The Roots & the Fruit

Think of your wealth—and your perpetual income—like an apple tree. You plant the seed. You nurture it. You protect it. Not so you can chop it down for a single harvest, but so you can collect fruit year after year for life.

When you plant the *right seed* and allow the roots to *grow deep*, you build a tree capable of producing a perpetual stream of fruit for as long as you steward it well. A wise gardener knows: sweet fruit comes from strong roots. She doesn't cut down the tree—she nurtures the roots and harvests the fruit, season after season. And now you have an orchard of money trees to harvest!

That's exactly what the Equity Mill enables. Rather than selling your real estate or withdrawing and drawing down your Vault cash value, you strategically harvest equity—using smart leverage to turn stored value into tax-free income, while keeping the asset itself intact.

No sale means no capital gains, no ordinary income taxes, and no depletion of your portfolio. And because the asset remains in place, you can leverage it again in the future—building a system of *renewable wealth and perpetual income*.

Preparing for Perpetual Income

Before you can turn on the faucet and start living off your Passive Income Machine, your system needs to be properly primed. This final step of preparation is what we call the Income Preparation Phase—and it's critical for making the Equity Mill run smoothly and sustainably.

Up to this point, your Vault has been your engine for acquisition. But now, as we transition to income, we move from acquisition to stabilization. From building wealth to *living* wealthy.

Here's the key principle: Before you begin drawing income, your Vault should hold at least three—but preferably five—years of your desired annual spending in available cash value with no policy loans against it. Think of this as filling your reservoir before drawing water. You don't want to turn on the income stream until you're confident it can flow uninterrupted for years to come.

How Do You Refill the Vault Reservoir?

To prepare your system for income, you'll focus on repaying your policy loans and rebuilding available cash value. This can be done through a combination of,

- **Redirecting savings** you were using to fund your policies toward repaying existing policy loans
- **Redirecting real estate cash flow** using rental profits to pay back policy loans and rebuild your Vault reservoir
- **Harvesting equity** through a cash-out refinance and using those funds to pay off your policy loans

Once you've reached your target of having three to five years of desired spending in available cash value, you're ready to activate the next phase of your Game Plan:

The Equity Mill & Income

The Equity Mill creates income for life—without selling off assets, riding the roller coaster of the market values, or ever worrying about running out of money. This is where your Passive Income Machine becomes a system of perpetual income—milling equity and converting it into spendable, tax-free, inflation-adjusted cash flow—again and again.

You begin by using the fourth form of phantom income described earlier in this chapter: taking policy loans as a non-reportable, tax-free income stream. If your desired lifestyle costs \$10,000 per month, you simply take a

\$10,000 loan against your Vault each month—or \$30,000 quarterly, if you prefer. You spend the money, live your life, and repeat.

Once again, these are private loans from your insurance company—not a bank—that do not require applications, credit checks, or an approval process. And there are no restrictions. You never have to explain how you're using the money—whether it's to buy more real estate, fund your kids' education, or live your retirement dream. You own the system and set the rules. You're not drawing down assets or triggering taxable events. You're not crossing your fingers and hoping the stock market holds up.

You're spending from your system—without weakening it.

And here's the major shift from what you did during the earlier phases while building your Machine: You're no longer using policy loans to build wealth. You're using them to buy your time back, fund your life, and live free. And while you do, your real estate portfolio keeps working behind the scenes:

- Growing in value
- Compounding equity
- Paying down debt (thanks to the rent coming from your tenants)
- Quietly preparing to replenish your Vault reservoir

After three to five years of uninterrupted, tax-free income, it's time to refuel. While you've been living, your real estate portfolio has been steadily growing in value, and your tenants have been paying down your mortgages creating a surplus of equity. You simply refinance a portion of your portfolio to harvest equity, pay off your outstanding policy loans, and restore your reservoir—giving yourself a raise for the next income cycle.

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"Setting up my Vault was the best financial move I've ever made. In just a few months, I've already taken loans, started cash flowing, and begun the rinse-and-repeat process—all with peace of mind knowing my money is protected and working for me. This system is about more than money; it's about becoming truly free to enjoy what matters most in life."

— Aaron J., New York

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This is the power of the Equity Mill: you repeat the process. Since you're never selling assets, the system never shrinks. It only compounds. It only gets stronger. And so does your income and freedom.

The Equity Mill Cycle: A 5-Year Loop of Tax-Free Lifestyle Income

Here are the steps to using and replenishing your Equity Mill:

1. Fill the Tank (Establish Your 5-Year Vault Reservoir)

Build up three to five years of your desired annual spending in Vault cash value.

2. Turn On the Tap (Access Tax-Free Income)

Draw income from your Vault using your private line of credit—tax-free, no questions asked.

3. Live Free (Fund the Life You Imagined)

Spend freely to fund your dream lifestyle—travel, impact, time with family—while your assets quietly grow in the background.

4. Step 4: Recycle the Wealth (Harvest Equity and Replenish Your Vault)

After three to five years, refinance a portion of your real estate portfolio to unlock built-up equity. Use the proceeds to repay policy loans and refill your reservoir.

5. Step 5: Loop the System (Repeat the Cycle)

Restart the process and enjoy perpetual income without selling assets or triggering taxes.

The Freedom Fosters' Equity Mill

Now, let's return to the Freedom Fosters—and show you what the Equity Mill looks like in action.

Step 1: Fill the Tank (Establish Your 5-Year Vault Reservoir)

When we last checked in with the Fosters, they had just finished acquiring their fourteenth turnkey property—completing their asset acquisition phase at the end of year seven. At that point, their Game Plan snapshot looked like this:

Vault Reservoir: Just over **\$600,000**

- Outstanding Policy Loans: Just under **\$450,000**
- Turnkey Properties: **14**
- Portfolio Value: **\$3,000,000**
- Equity: **\$1,000,000**

As they prepared to enter the income phase of their Passive Income Machine, the focus shifted from building to stabilizing. As we’ve just discussed, their goal was to fully re-establish their Vault reservoir, giving them access to five years’ worth of income—liquid, tax-free, and ready to deploy.

To do this, the Fosters paused new contributions to their Vault. Instead, they redirected their monthly savings and all available cash flow—now over \$2,000 per month—to pay down their outstanding policy loans. Then, right before shifting into income mode, they completed one final cash-out refinance, unlocking \$250,000 from their real estate portfolio to finish paying off the remaining policy loan balances.

By the end of year ten, their Vault was fully replenished, and their foundation was secure. Their equity was still growing. Their system was

THE FREEDOM FOSTERS



Sarah & Frank Foster

- ✓ Desired spendable Income: **\$120,000**
- ✓ Vault Reservoir: **\$650,000**
- ✓ Vault Death Benefit: **\$2.7M**
- ✓ Real Estate Portfolio Value: **\$3.4M**
- ✓ Real Estate Portfolio Equity: **\$1.3M**

**Ready to activate their Equity Mill and
create tax free income**

stabilized. And they were ready to activate the Equity Mill and turn on perpetual income—on their terms.

Step 2: Turn On the Tap (Access Tax-Free Income)

As you may recall, the Fosters had a clear goal from the very beginning: to create \$10,000 per month of net, spendable income—enough to fund their dream lifestyle without ever worrying about money again. That number became their North Star. It shaped the size of their Passive Income Machine and gave them a target worth building toward. By year ten, they'd done it. They'd fully built their Passive Income Machine—and it was ready to deliver.

Here's what their Game Plan looked like just before turning on the Equity Mill:

- **Vault Reservoir:** \$650,000
- **Vault Combined Death Benefit:** \$2.7 million
- **Turnkey Real Estate Portfolio Value:** \$3.4 million
- **Equity:** \$1.3 million (across 14 properties)

Here are some key things to note. Even though the Fosters stopped contributing new premiums at the end of year seven—redirecting their savings to repay policy loans—their Vault continued to grow. It earned guaranteed interest and annual dividends, adding another \$35,000 of cash value without any new contributions.

That's the power of uninterrupted compounding inside a properly structured Vault—it keeps building wealth whether you fund it or not.

While we haven't focused much on the Vault death benefit before now, it's a vital part of the strategy. Their life insurance policies provided permanent protection—ensuring that 100% of the outstanding mortgage debt was covered by death benefit. If something happened, the mortgages would be wiped out—and a debt-free portfolio would be passed to their heirs.

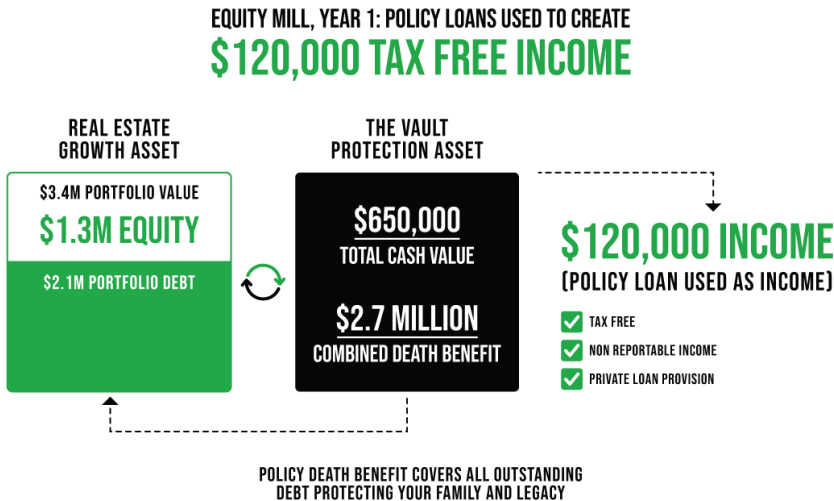
This makes the Passive Income Machine truly unbreakable.

The Fosters' Year-1 Equity Mill Income

The Fosters had designed, structured, and scaled their Machine to deliver six figures of tax-free, inflation-adjusted income. It was finally time to turn it on. They did what they'd done many times before: request a policy loan. But this time, instead of using it to build wealth, they would use it to live free—the greatest form of wealth money can buy.

They chose a quarterly rhythm—requesting a \$30,000 policy loan to cover the next three months of lifestyle spending. Over the course of the year, they repeated the process three more times—drawing a total of \$120,000 in tax-free income. They made a simple request. And with no red tape to navigate and zero fuss, the insurance company transferred the funds directly into their checking account.

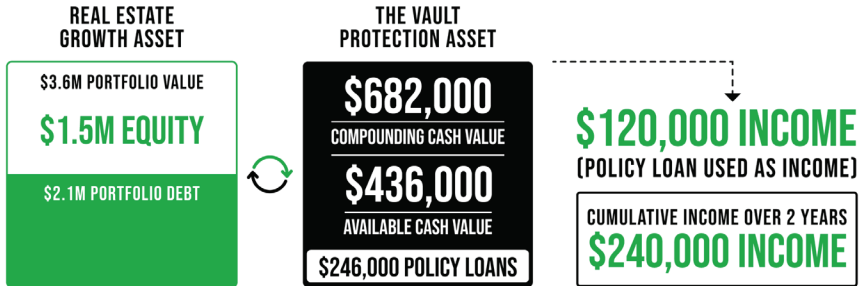
And just like that, the dream had become reality. The Equity Mill was running, and the Fosters were living free.



Year 2: The Mill Keeps Turning

Because the Fosters had built up enough cash value in their Vault, they repeated the same process in years two through five. Let's take a closer look at their end-of-year results following year two:

EQUITY MILL, YEAR 2: POLICY LOANS USED TO CREATE
\$120,000 TAX FREE INCOME



By the End of Year Two:

- **Cumulative Policy Loans for Income:** \$240,000
- **Outstanding Loan Balance:** \$246,000 (includes interest)
- **Total Cash Value:** \$682,000
- This continued growth is thanks to uninterrupted compounding on the full \$650,000 balance from year one. Even with loans taken, the Vault keeps growing because loans come from the insurance company—not from the cash value itself.

Meanwhile, the real estate side of the Equity Mill continued working quietly in the background:

- **Portfolio Value:** Grew from \$3.4 million to \$3.6 million
- **Equity:** Increased by \$200,000, reaching \$1.5 million
- **Debt Reduction:** Rent payments steadily paid down mortgages

This engine was creating forced equity every single month—fueling the future of the Fosters' income.

The 5-Year Income Cycle

For five straight years, the Fosters continued the process—drawing tax-free income from their Vault while their portfolio grew. The chart below breaks down this cycle year by year.

THE EQUITY MILL IN ACTION: 5 YEARS OF TAX-FREE INCOME AND REAL ESTATE GROWTH					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cumulative Cash Value	\$650,000	\$682,000	\$716,000	\$751,000	\$788,000
Policy Loan Taken For Income	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
EOY Outstanding Policy Loans + Interest	(\$126,000)	(\$246,000)	(\$378,000)	(\$517,000)	(\$663,000)
Net Available Cash Value	\$524,000	\$436,000	\$338,000	\$234,000	\$ 25,000
Real Estate Portfolio Value	\$3,400,000	\$3,600,000	\$3,850,000	\$4,000,000	\$4,250,000
Real Estate Debt	\$2,100,000	\$2,100,000	\$2,000,000	\$2,000,000	\$1,900,000
Real Estate Equity	\$1,300,000	\$1,500,000	\$1,850,000	\$2,000,000	\$2,350,000

Here are their stats at the end of year five:

- **Cumulative Tax-Free Income Drawn:** \$600,000
- **Total Vault Cash Value:** \$788,000 (the Vault continues earning interest and dividends on the full cash value—even while policy loans are outstanding)
- **Outstanding Policy Loans + Interest:** \$663,000
- **Net Available Cash Value:** \$125,000

And over on the real estate side:

- **Portfolio Value:** \$4.2 million
- **Mortgage Balance:** Reduced from \$2.1M to \$1.9M
- **Equity:** Increased by over \$1 million, now at \$2.35 million

Over five years, the Fosters took \$600,000 of tax-free income—without selling a single asset. Their Vault kept compounding. Their equity kept growing. Their freedom kept expanding.

Step 3: Live Free

By the time the Fosters turned on their Equity Mill, they weren't just financially prepared—they were *empowered*. They had aligned their money with their values. They had reclaimed their time, their peace of mind, and their purpose. And now they were fully stepping into the art and science of living free.

Sara had already started redesigning her work—long before the Equity Mill began producing income. It started after their first cash-out refinance in year five. The day she watched their system unlock more money in one move than she would have earned in years of working, something inside her changed. For the first time, she truly saw it: Her job was optional.

That realization wasn't about quitting. It was about *choice*. Sara was great at what she did—but she no longer needed the job to survive. And that gave her power. So she took initiative. She reimagined her role, negotiated a part-time, remote position, and let go of the pressure that had quietly followed her for years. No more racing to meet expectations she didn't set. No more being everything to everyone. Now, her work fit around her life—not the other way around.

And that choice made all the difference.

She was fully present as her kids moved from grade school into junior high. She wasn't rushing through evenings, trying to catch up on what she'd missed—she was there for the moments as they happened.

Her daughter would come home from school eager to talk about her soccer game or her first crush, and now Sara had time to listen. Her son—wild, creative, full of energy—used to struggle with focus and frustration. But with Mom around more, she noticed his restlessness wasn't a problem—it was potential. Instead of trying to calm it, she channeled it. She signed him up for woodworking classes, encouraged his love of drawing, and helped him explore sports that matched his energy. He began to thrive.

Sara wasn't just managing the family's home. She was shaping her children's childhoods. And for her, that freedom—to simply be there—meant everything. She wasn't just watching her kids grow up on weekends anymore. She was *with* them—in the details.

Frank had also felt the pressure lift. The gnawing stress of needing to “make enough” and “save enough” slowly faded away as he watched the Passive Income Machine quietly doing its job. He no longer had to guess if they were on track. He *knew* they were.

All he had to do was keep working the system—and the system would function. That certainty unlocked a kind of freedom Frank hadn't felt since the early days of marriage, back when life felt wide open and full of possibility.

For the first time in decades, he didn't feel chained to the corporate ladder. He didn't have to chase promotions. He didn't have to play politics. Instead, he doubled down on becoming excellent at what he did. And something unexpected happened: Opportunities started finding *him*.

He began consulting on the side. He took on special projects that sharpened his skills and rekindled the spark that first drew him into his career. So when the day came to “retire,” he felt... free. But if he was honest—a little lost too.

Frank had spent his whole adult life as the provider. He wore that role with pride. Letting it go felt exciting—but also uncertain. *Now what?* That question led to something extraordinary.

Frank and Sara finally did something they'd always talked about doing “someday”: They took a three-month Legacy Trip to Kauai, Hawaii. But this wasn't a quick vacation crammed between work and school. They *lived* there.

They snorkeled. They hiked. They played and laughed and surfed. They slowed down. They reconnected—with themselves, with each other, and with their kids. And during that time, they decided to share the full story with their children: That money was no longer the reason they worked. That their lifestyle was no longer dependent on a paycheck. That they had built freedom—on purpose.

They opened up about the journey: the early sacrifices, the financial decisions, the wins and the lessons. They didn't just teach their kids about money. They modeled a whole new way to think about it—not as something to chase but as something to use with purpose.

During those three months in Kauai, the Fosters grew in a powerful way. Sara and Frank found a new calling with money—one that went beyond freedom or lifestyle. They wanted to create a *Family Legacy* rooted not just in wealth but in wisdom. They wanted it to be a legacy of values, knowledge, shared experiences, and a system to perpetuate it for generations to come.

They decided that this retreat wouldn't be a one-time reward. It would be the beginning of a new tradition. So, they created three anchors for their family's future:

- 1. A Family Mission** – a shared purpose to guide their choices and unify them across generations
- 2. A Family Crest** – a visual symbol of identity, capturing who they are and what they stand for
- 3. A Family Fund** – a dedicated Lifestyle Vault designed to finance meaningful family retreats year after year

When they returned home, Frank stepped back into the workforce—but entirely on his own terms as a consultant rather than an employee. He picked his clients. He set his schedule. He said no when he wanted to.

And for the first time in a long time, Sara had *time*. She tackled the “some-day” projects around the house. And then something surprising happened: She sat down at her computer, and started writing.

Sara had always loved books. Getting lost in their pages was her escape—a way to disconnect from the daily grind of juggling work, parenting, and life. But deep down, she had always dreamed of writing one of her own “someday.” Now, for the first time, she had the freedom—and the space—to finally make it real. A young adult novel had lived in her heart for years, and now she had the time to bring it to life.

This is what the Equity Mill makes possible. Not just more money... but more *life*: Time with the people you love. The freedom to follow your calling. The power to build a legacy.

The Fosters designed a new game—one they could win, over and over again. Freedom isn't the finish line—it's the beginning of new possibilities. While the Fosters were living, the system was working. Next, it was time to repeat the income cycle.

Step 4: Recycle the Wealth (Harvest Equity & Replenish Your Vault)

For the Passive Income Machine to continue producing **perpetual, tax-free income**, it must be replenished. This is the brilliance of the Equity Mill: while the Fosters had been drawing income from their Vault seamlessly, their fourteen-property real estate portfolio—their growth asset—had quietly been compounding in value behind the scenes.

Over the past five years, their properties had done what real estate does best:

- Inflation had pushed property values higher
- Rent increases had strengthened cash flow
- The tenants had been paying down the mortgages month after month forcing equity into the Fosters' portfolio.

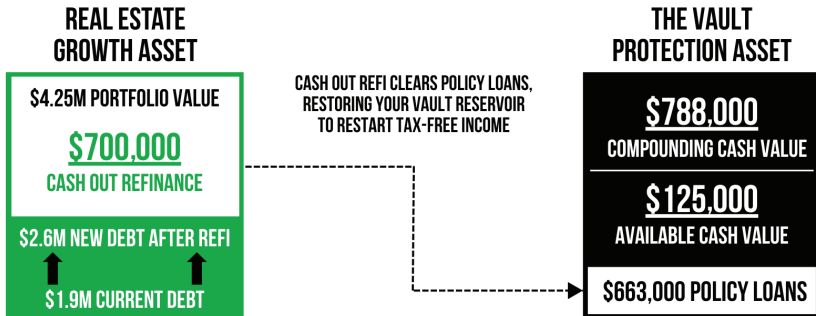
In the Fosters' case, their equity position across fourteen turnkey properties grew from \$1.3 million to \$2.35 million—a result of both appreciation and principal paydown. Now it was time to unlock that growth, harvest the equity, and replenish their Vault reservoir.

Just like they'd done before, the Fosters went back to the bank—not to sell assets, but to refinance and capture the equity they'd built. Banks are in the business of lending, and when you present them with strong, appreciating assets, this is their dream transaction. Most lenders will offer between 75–80% loan-to-value on investment properties.

With a total portfolio value of \$4.2 million, the Fosters could access up to \$3.36 million at 80% LTV. But in this example, they only needed to pay off

their \$663,000 in policy loans—so they completed a \$700,000 cash-out refinance, raising their real estate debt from \$1.9M to \$2.6M.

YEAR 5: LEVERAGE EQUITY TO REPLENISH YOUR VAULT RESERVOIR



That \$700,000 of newly unlocked capital was put to work. They used it to:

- Fully repay all outstanding policy loans
- Replenish their Vault Reservoir in preparation for the next round of income
- Add an extra buffer for future growth

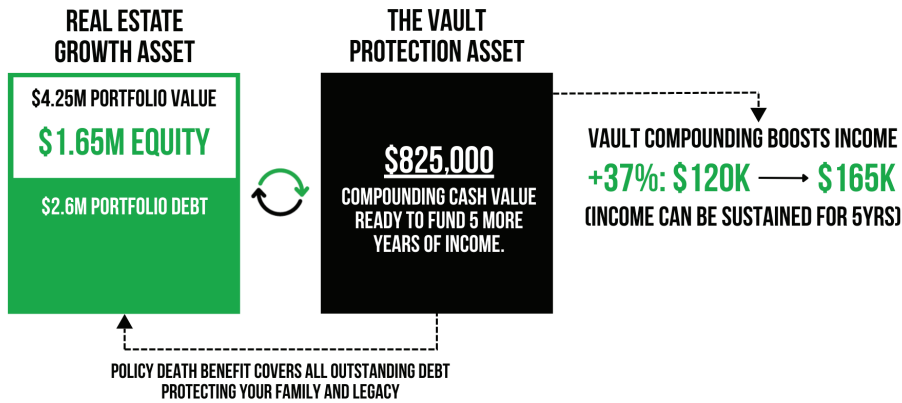
Their new Vault cash value jumped from \$788,000 to \$825,000—resetting the machine for another five-year income cycle. But this time, there was a bonus.

With \$825,000 available, the Fosters could now give themselves a raise—boosting their annual tax-free income stream from **\$120,000** to **\$165,000**. That amount of cash value would allow them to take \$165,000 per year in policy loans for five years straight—before needing to pay off the loans and refill their Vault Reservoir. This is the power of the Equity Mill in full motion.

Step 5: Repeat the Cycle

The Fosters had now completed the entire cycle: they built, stabilized, and harvested their Passive Income Machine. And in the process, they didn't just change their financial situation; they became different people.

**YEAR 5: EQUITY MILL IN ACTION,
BOOSTING TAX-FREE INCOME**



And that’s the real secret.

Traditional financial systems are designed to keep you stuck—trading time for money and hoping you’ve saved enough to someday slow down. The Passive Income Machine flips that script. It empowers you to take control of your money, and in doing so, take control of your life.

By raising your Financial IQ, you begin to harness economic forces that typically work against most people—and turn them into tools that work for you. You learn to use the tax code like the wealthy and create income the same way banks and institutions do: through systems, not sacrifice.

.....
“Every system is perfectly designed to get the results it gets.”
— W. Edwards Deming

The Fosters learned how to take the wheel. They used the Passive Income Machine and the Equity Mill to create tax-free, inflation-adjusted income for life. Because they weren’t selling assets or drawing down their wealth, their system never shrank—it only grew stronger. And so did they.

This entire process relies on one variable: **you**. The only difference between who you are now and the financially free version of you is your mindset, your daily actions, and the habits you choose to form. As you build and implement

your own Passive Income Machine, the biggest question isn't whether it works. It's who *you* become in the process.

Financial freedom isn't found in some secret formula. It's *forged* through consistent execution of the system you now hold. So now there's only one real question left: **What will you do with the knowledge you now have?**

You've seen how the machine works. You've seen how money can be reimagined, repurposed, and reclaimed. You'll never look at money the same way again. Will you use this new understanding to build your freedom and design your future?

Will you **rise up** and **live free**?

My Equity Mill in Action: Turning a Dream into Reality

Ryan Lee

When I found Bob's book *Creating Wealth*, I was at the lowest point of my financial life. But his system was so practical, so clear—I believed I could do it. I stopped putting money into the market and hoping for the best. Instead, I redirected my time, my focus, and my resources toward acquiring two single-family homes per year—just like Bob laid out.

And as a classic overachiever, I didn't stop at two per year. I bought seventeen homes in just under five years—and walked away from my corporate job forever. But even then, I didn't fully understand the genius of Bob's original strategy.

Harvesting the Dream

A few years ago—after nearly a decade of building my Passive Income Machine—I reached a moment I'll never forget. It was time to harvest the results. And the harvest wasn't just financial—it was deeply personal. It was about my wife's dream to build our forever home.

I remember sitting beside her in front of the architect. I didn't have much to offer. I just said, "I'd like a home gym." That was it. But she lit up. Room by

room, window by window, she poured out her vision. She had the entire blueprint mapped out in her mind. And for the first time in our marriage, I could see what she saw. It was breathtaking.

But once the dream was on paper, reality followed: the price tag. Yes, we were financially free. Yes, we had the cash flow. But did we really want to take on that size of a mortgage? So, I did what I always do when I hit a financial crossroads—I called my business partner and mentor, Brad Gibb.

“Brad,” I said, “what would you do if you were in my shoes?”

He didn’t hesitate: “Ryan, don’t forget—you’ve got millions of dollars in value sitting in your portfolio.”

Until that moment, I had always seen equity as a tool to buy more real estate. But in that moment, I realized something life-changing: **equity is freedom**. I gave myself permission to use it—to live, to dream, to *spend* it intentionally.

Executing the Strategy

I went back into my portfolio and started executing cash-out refinances. The first property I tapped into was the very first one I ever bought—the one where the neighbor infamously shot the tenant’s cat. I bought that property in 2009 for \$159,900. Over the years, it had cash flowed consistently and taught me more than any seminar or course ever could.

By 2020, it was worth over \$530,000. I pulled out \$167,000 in tax-free equity. When the mobile notary brought the documents, he looked at the numbers and said, “I’ve never seen a cash-out this big.”

I smiled and said, “Just wait—I’ve got five more coming.” A few weeks later, I refinanced five more properties—pulling out over \$800,000, completely tax-free.

That money went directly into building our dream home at the base of the Rocky Mountains. We used a policy loan from the Vault to buy the lot—in cash. We used real estate equity to fund the build. And here’s the beautiful part: I still own every single property.

The rents were adjusted. The cash flow dipped slightly. But that \$167,000 cash-out refi on one property was the equivalent of thirty-five years of cash flow—all at once. And the asset is still working for me.

This wasn't just a financial win. It was *the dream*. My wife's dream. My dream. Our legacy. And it all happened because Past Ryan had the courage to take imperfect action a decade ago—because I trusted in the system I was building even before I knew exactly how it would work.

Bob's simple blueprint led me to build the Passive Income Machine. And that Machine didn't just create wealth. It built our life. And it could build yours too. The question is, will you *work* the system? Or keep working *for* the system?

Your Quest

Now you're someone who takes control and builds with intention—and you're no longer guessing. You have the components you need:

- **The Vault** – to store and multiply your cash
- **Turnkey Real Estate** – to generate cash flow, appreciate, and leverage bank money
- **The Equity Mill** – to convert your wealth into tax-free, inflation-adjusted income for life

This isn't a theory anymore. It's your new way of operating—a roadmap to financial freedom in ten years or less. The true treasure at the heart of this journey isn't just wealth. It's becoming the kind of person who returns to the world—not to blend in, but to lead.

To break the chains of the past.

To build a legacy for the future.

To become the one who changes your family tree—forever.

But don't let the difficulty of the path intimidate you. No one builds lasting freedom alone. You were never meant to. From the beginning, humans have evolved in tribes. Some tribes stay stuck—and fade into history. But others rise to the challenge, forge a new path, and step into new horizons—new possibilities.

And like every hero, your journey doesn't end when you win—it continues when you return to lead others. That's why we built a community—a movement of Empire Builders rising up to live free. It's a tribe of entrepreneurs, parents, investors, creators, and producers—people just like you who are done settling and have chosen to build lives of purpose and possibility. They've mastered their money with the Passive Income Machine. Now they're using it to build their dreams, their empires, and their legacies.

Together, we've helped thousands collapse time, reclaim their power, and rewrite their financial future. And now it's your turn. You need a team. You need a Game Plan. You need people who see your greatness—and will hold you to it.

This is your threshold. Every hero's journey has one—the moment you choose between comfort and calling. The next chapter isn't just words on a page—it's a rite of passage. To continue, you must commit to becoming more than a reader. You must become the builder of your freedom. All that's left is your decision. Cross the threshold. Your future is calling. Rise up. Live free.

Ready to Activate Your Equity Mill?

It's time to model your numbers, personalize your plan, and turn equity into tax-free income—for life. Inside the Launchpad, you'll,

- Build your own five-year Vault Reservoir strategy
- Calculate your refinance schedule and policy loan structure
- Map out your perpetual income plan—step by step
- Get access to advanced case studies, breakdowns, & walkthroughs

Now that you see how the Passive Income Machine® converts equity to income, build yours and turn on tax-free income for life. Access your Launchpad now at **www.PassiveIncomeMachine.com/Launchpad**, or scan the QR code. You're closer than you think.



PART IV

CROSSING THE THRESHOLD

The Adventure of Real Wealth

“We start dying the day we stop dreaming. And ironically, we start living the day we discover a dream worth dying for.”

— Mark Batterson

13

EARNING A RETURN ON LIFE

The Only Return That Matters

If you’re reading this, you’ve crossed the threshold. You’ve stepped beyond the ordinary world and chosen the path of freedom. You’ve raised your Financial IQ, and you see the path now. You know how to win with money—and how to build a life of freedom. But this chapter isn’t about cash flow or passive income. Those were tools—meant to unlock something far more important. This chapter is about you. The *real* you. The one you were created to be—and destined to become.

It’s about what happens next—once the Passive Income Machine is doing exactly what it’s designed to do: protect, grow, and multiply your money automatically. Because it’s at this point that the real game begins.

When Winning Becomes the Trap

If you’re like me—and I believe you are, or you wouldn’t still be reading this—you’re driven. You set goals. You crush them. You build. You grow. You win.

But there’s a dark side to being goal-driven—a truth most achievers rarely talk about. Not because they’re hiding something, but because it feels

vulnerable to admit: The closer we get to our goals, the more we crave the next one. The finish line keeps moving. Progress becomes addictive. And without realizing it, we start chasing achievement for its own sake.

We're fueled by progress and motion. By the pursuit of becoming. And while that drive is a gift—a true superpower—it can also become a trap. Because if we're not careful, we spend our lives chasing what's next—and completely miss what's *now*.

But then, life has a way of bringing us back down to earth in an instant—out of the blue. We've all had those moments when we remember that our time is limited: an unexpected phone call, a diagnosis, a goodbye we didn't expect. Moments that remind us our existence on this planet is finite, fleeting—and once it's spent, we can't buy it back. Not even with all the money in the world.

We are not immortal. Someday we'll live our last day. And on that day, it won't be our portfolio that people remember. It will be the life we lived. The impact we made. The people we touched.

When we think in that context, the illusion dissipates. Life isn't measured in trophies. It's measured in presence, in peace, in meaning. It's not a scoreboard. It's a symphony. A collection of experiences, moments, and memories—woven together into the soundtrack of a life well lived.

This is the most important reason that the retirement dream—the idea of sacrificing forty years working and hoping for a few good ones at the end—is so broken. Waiting decades for the freedom to be present in your own life is a dangerous game that will ultimately leave you full of regret and wanting more.

The Cheat Code for Success: The Happiness Advantage

In *The Happiness Advantage*, Shawn Achor flips a deeply held belief on its head. We've been told our whole lives that if we succeed—*then* we'll be happy. Climb the ladder. Hit the goals. Build the business. Stack the money, and

happiness will follow—right? But that’s not how it works. Happiness isn’t the reward at the end of the grind. It’s the fuel at the beginning of the journey.

Achor’s research shows that when we invest in a life of meaning, purpose, and fulfillment—*now*—we don’t just feel better. We *perform* better. When you’re in a positive mental state, your brain is 31% more productive, your creativity triples, and your likelihood of success rises across nearly every domain—sales, leadership, health, finances, and relationships. We become more focused. More creative. Happiness is not the result of success. Happiness is the *precursor* of it.¹

Happiness isn’t a reward you stumble into after years of sacrificing your true priorities. It’s the fuel that powers your journey. This is the *real* advantage: When you consciously invest in your Life Balance Sheet, you unlock energy, clarity, and momentum. You stop dragging yourself through the grind—and start moving with purpose, presence, and flow.

This is why the Passive Income Machine isn’t just about investing money for the future—it’s about consciously investing in a life that matters *now*. The future doesn’t actually exist—not yet. It lives in your imagination. It’s your North Star—a mental projection guiding the choices you make today.

The science is clear: when you live with intention and emotional alignment in the present, you unlock greater happiness now. And from that place, your creativity expands, your success compounds, and your vision for the future gets bigger and brighter. The more alive you are today, the more extraordinary your tomorrow becomes.

The True Return on Investment

Let’s redefine ROI. It’s not just *return on investment*. We’ve shared throughout this book why the real power of money isn’t in percentages or projections—it’s in what it unlocks: options, experiences, and a life of meaning. Thus, the highest ROI isn’t financial. It’s a return on *intention*, a return on *integrity*, and a return on *life*. The greatest yield isn’t compounding interest—it’s *compounding fulfillment*.

1. Shawn Achor. *The Happiness Advantage: The Seven Principles of Positive Psychology That Fuel Success and Performance at Work*. (Crown Currency: 2010).

It's every hour you spend with your kids instead of checking email, every walk you take without your phone, and every dinner you're able to enjoy because you're fully present. Those are the real dividends.

They won't show up on your financial statements. But they're the returns that matter most. Because when your time here is up, it won't be your net worth others remember. It'll be your *life worth*.

And the beautiful thing is, you get to write that story now.

A New ROI: Ryan's Wake-Up Call in Cabo

Ryan Lee

I'll never forget the first time I redirected money that could have otherwise gone toward a traditional, future-based goal—like retirement—and instead used it to create a meaningful experience with my wife, Bethany.

We took a vacation.

Now, that might not sound radical. But for me, it was monumental. Up to that point, I had always seen discretionary income as something to be hoarded for the future. In my mind, only after I had “enough” saved for retirement would I finally earn the right to enjoy life—to spend money on things like vacations without guilt. That's the voice of scarcity. A belief that there's never enough, and that whatever I have must be guarded, withheld, and stored away for some distant “someday.”

We didn't have a ton of extra money, but we had managed well and intentionally saved for a trip to Cabo San Lucas.

Even as the trip approached, I felt stress—guilt—like I was betraying my future self and sabotaging my long-term goals. I *wanted* to enjoy the path to financial freedom—not just suffer through it—but my scarcity mindset still had a grip on me. So even when I gave myself permission to spend, the fear followed.

At first, I chose to skip the excursions, order the cheapest thing on the menu, and try not to spend “too much.” Because every dollar not spent could go back to the *real* goal: saving for the future.

A few days in, I caught myself. I had saved for this moment—on purpose. I had planned this experience with care and intention. And I realized that by clinging to fear, I wasn't just robbing myself of what I had already earned—I was robbing *us*. I was stealing from my wife the very experience we had dreamed of and the connection it was meant to create between us.

So, I let go.

I gave myself permission to live fully *within my means*—to use the money for what it was intended: joy, presence, connection. And as I did, something shifted. I had fun. No—*we* had a blast. We laughed. We connected. We slowed down. On that white sand beach next to my wife, I remembered what it was all for, and I began to see money in a new light. It was a *tool*—not for someday, but for *this day*. And with one conscious decision, I had used it to create something priceless: a meaningful experience that we still speak fondly of today.

And here's what surprised me most: when we got home, I wasn't stressed about the money we had spent—I was energized, motivated, inspired. For the first time, I didn't just understand what money *meant* in theory—I had *felt* it. I had experienced what it could do when used with intention.

And suddenly, new questions began to surface: “How can we do something like that again next year—or even sooner? How do we stay true to the Passive Income Machine—so our future stays secure and our present becomes more alive? What if we stopped spending on autopilot—and started directing our money with purpose, into a life that actually reflects what matters most?”

Every dollar now had meaning. My mind began to shift from scarcity to production. This led to more questions: “How can I create more value in the world?” “How can I earn more—not to hoard, but to enhance our quality of life?”

Work took on new meaning. Investing had a renewed purpose. Money had a new mission. And over the next few years—driven by clarity—I multiplied my income. We became stewards of our money—not just protectors, but producers. Every dollar became an act of intention.

From that moment—nearly fifteen years ago—to today, Bethany and I have managed every dollar we earn like CEOs—assigning each one a clear purpose within an intentional vision for our life. This is the Happiness Advantage in real life.

A New ROI: Robert's Wake-Up Call in San Diego

Robert Allen

March 15, 2003 is a day I'll never forget. I began that day in Portland, Oregon, and took an early flight to Anaheim where I was scheduled to speak to an audience of one thousand people attending a real estate investors conference.

The night before, while preparing the PowerPoint for my Anaheim speech, I pushed the wrong button on my computer keyboard and deleted about four hours of work—grrr! I had to start all over again. I slept maybe two hours before I had to rush to the airport. After my Anaheim speech, my staff could tell that I was visibly exhausted. They offered to drive me home. I stubbornly refused.

I got in my favorite car—my Lexus 430SC convertible—and began the two-hour drive south to San Diego. While I drove, it started to rain heavily—a rarity for Southern California. I must have fallen asleep because a motorist driving behind me watched as my car veered off the road and smashed into a tree next to the freeway just past the La Costa exit in Carlsbad. He called 911, and the Highway Patrol was dispatched to the scene. My small car was crushed at the base of a large tree. They cut me out of the wreckage using the Jaws of Life, and I was rushed to the hospital.

I have no memory of any of this. I woke several days later from a medically induced coma to find my family waiting anxiously at the foot of my hospital bed. I had come so close to death that night. I felt blessed to be alive.

Then began the long process of recuperation. My accident forced me to contemplate and rethink my priorities. The root word of priority is *prior*—meaning “in front of, before, or first.”² Money, material things, and my career didn't seem

2. “Prior,” Etymonline. https://www.etymonline.com/word/prior#etymonline_v_19527.



as important to me after this brush with death. My spiritual values, my family, my health and my contributions to the world took on a new precedence.

Before my accident, I would often joke, “They say that money doesn’t buy happiness. That may be true, but I’d like to find out for myself.” Well, I found out for myself. But seeing my family—the most important people in my life—at the foot of my bed after my accident made the value of my material wealth fade into indignance. Now, after over twenty years, as strange as it sounds, I thank God for that accident. It was truly a marvelous turning point to more meaning in my life.

The Life Balance Sheet

In the chapters before this, you’ve learned to build assets. Your Vault, a turn-key real estate portfolio, and the Equity Mill are powerful tools, but they’re only part of the picture. As we’ve discussed throughout these pages, true wealth isn’t just external. It’s not only based on your monthly cashflow. Real wealth is life force. Energy. Flow. That’s why you need a second balance sheet—one that doesn’t live in your accounting software or show up in your banking app.

This balance sheet measures more than dollars: it reflects how fully you’re living. We call it your Life Balance Sheet. It tracks a different kind of value—one that asks, “Are you using your money as a tool to fund, build, and live a life of meaning and value?”

For example,

- Are you investing in meaningful relationships?
- Do your days reflect your deepest priorities?

- Are you present with your family, your mission, your faith?
- Do you feel joy, peace, and fulfillment?

Because money without meaning is just noise.

The Life Balance Sheet is your compass. It's the scorecard that tells you if you're really winning—not just financially, but holistically. And here's the beautiful alignment of money and life: When your external and internal investments are aligned, your cash flow supports your calling, and your purpose drives your productivity—that's when you unlock a life of real wealth beyond the dollars. That's the kind of wealth the Passive Income Machine was built to support.

So, take inventory. Look at your numbers—but also look at your life. Because the goal isn't just to retire. It's to live a rich life—full of meaning and purpose, now and forever.

Over the years, we've asked thousands of people three simple questions—the same ones we asked you back in chapter 6:

- What do you want?
- Why does it matter?
- Who must you become?

At first glance, they seem simple. But when you answer them with real honesty, they're powerful and revealing. Because if you're unclear on *why* you want something, you don't truly know *what* you want. And when clarity is missing, the world decides for you. It sells you “success”—titles, numbers, and possessions—things that shine on the outside but leave you empty on the inside. You end up trading your life for symbols of wealth instead of building a life that actually *feels* rich.

Financial freedom, at its core, is a process of self-discovery. It's the art of using money to live a meaningful life—not a race to accumulate more in hopes of filling the void of “someday.” When you connect *what* you want with *why* it matters, everything aligns. You awaken a deeper clarity, and with that clarity comes freedom.

Financial freedom is simple—the more aligned your money is with your deepest desires today, the more free you already are. Because at its core, investing is just the process of converting dollars into desires. And those desires almost always fall into four core areas, which are also the categories you’ll find on your Life Balance Sheet:

- Physical Wealth: energy, health, vitality
- Mental Wealth: clarity, creativity, growth
- Emotional Wealth: joy, connection, resilience
- Spiritual Wealth: purpose, peace, presence

Keeping these four areas balanced is what true wealth looks like. The word *wealth* comes from the Middle English *wele*—meaning “well-being.”³ Wealth was never meant to be measured in possessions. Rather, it was meant to be measured by how much you’re able to flourish. Because no one really wants money for its own sake. We want what it unlocks: freedom, peace, joy, fulfillment. And that’s the life you were born to live.

THE LIFE BALANCE SHEET



The Experiment: Would You Trade?

Let’s test how important the four categories on the Life Balance Sheet really are to your happiness and well-being.

Imagine I came to you with a blank check. You could write as many zeros as you want—\$100,000, \$1 million, \$10 million. The number doesn’t matter. But there’s a catch: To cash that check, you must permanently give up *one* quadrant of your Life Balance Sheet.

3. “Wealth,” Etymonline. <https://www.etymonline.com/search?q=wealth>

Would you trade your physical health? It's not likely. As the old proverb says, "A man with health has a thousand dreams; a man without it has only one."

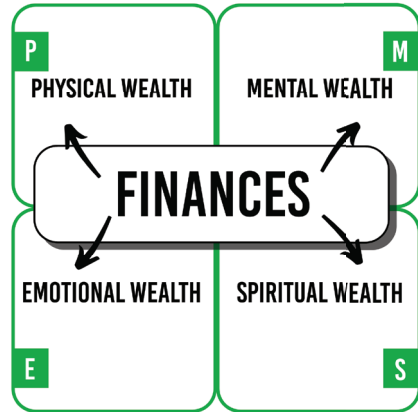
Would you sacrifice your mental clarity? No amount of money can replace the brilliance of an awake and creative mind. Would you give up your relationships—your connection, love, and shared memories? Would you trade your spiritual wealth—your peace, purpose, and divine identity?

You wouldn't. Not for any number. Not if you paused long enough to truly feel the cost. And yet—if we're honest, we make those trades every day for far less. We sacrifice health in the name of hustle. We trade presence for productivity. We exchange relationships for revenue. We surrender purpose for paychecks. We tell ourselves it's temporary. We promise we'll fix it later. But "later" rarely comes.

And the longer we make those trades, the more dangerous the erosion becomes. Little by little, without even noticing, the pursuit of *more money*—without *more meaning*—begins to crowd out what matters most.

Health fades under the weight of exhaustion. Relationships fray under the pressure of busyness. Purpose blurs in the fog of endless striving. Joy drains away—replaced by restless chasing. Every day we delay, money grows louder... and life grows quieter.

THE LIFE BALANCE SHEET



The Silent Erosion

Slowly, silently, year after year, money—or more accurately, the scarcity, the fear, and the worship of it—sits atop the Life Balance Sheet like a crushing weight.

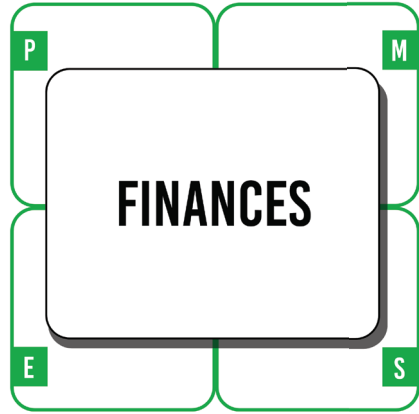
At first, it seems harmless. An extra hour here. A missed dinner there. A season of hustle that becomes a way of life. But over time, it begins to crowd out vitality. It suffocates joy. It erodes meaning. Until the only thing left is

a faint hope that someday—when the dust settles, when the work is done—we’ll buy back what we traded away.

But we can’t.

Because time isn’t for sale. Energy isn’t refundable. Presence can’t be postponed. And every day we delay, the cost grows steeper. Not in dollars. But in life itself. The real cost of chasing money without meaning isn’t measured on a bank statement—it’s measured in regrets. If “someday” does come and you have all of the money you could ever want—but you’ve traded everything that truly matters for it—what’s the point?

THE LIFE BALANCE SHEET



The Ultimate Cost: Regret

In her book *The Top Five Regrets of the Dying*, hospice nurse Bronnie Ware didn’t seek advice from her patients—she simply listened to them. Over the course of eight years, she cared for thousands of people in their final weeks, each one offering a raw, unfiltered glimpse into what truly mattered to them when their time was running out.

What she discovered was this: When people confront their mortality, they don’t regret the money they didn’t make. They regret how they spent their time, their energy, and their attention. And those regrets echoed in five distinct ways:

- “I wish I’d had the courage to live a life true to myself.”
- “I wish I hadn’t worked so hard.”
- “I wish I’d stayed in touch with those I loved.”
- “I wish I’d let myself be happier.”

No one said,

- “I wish I’d built a bigger portfolio.”
- “I wish I’d bought more real estate.”

- “I wish I’d saved more money.”

Their regrets weren’t about *how much* they made. They were about *how little* they lived. They were about the currencies that truly matter: presence, purpose, proximity, and peace.⁴

The Turning Point: Reprioritizing Your Life Balance Sheet

Life doesn’t have to end in regret. This is your turning point. Your line in the sand. The moment you stop the silent erosion and begin to consciously reinvest in what matters most. Because the real power of the Passive Income Machine isn’t just in what it gives you—but in what it gives back. It gives you agency—the rarest asset on earth: the ability to choose and to align your money with your values, your time with your priorities, and your energy with your purpose.

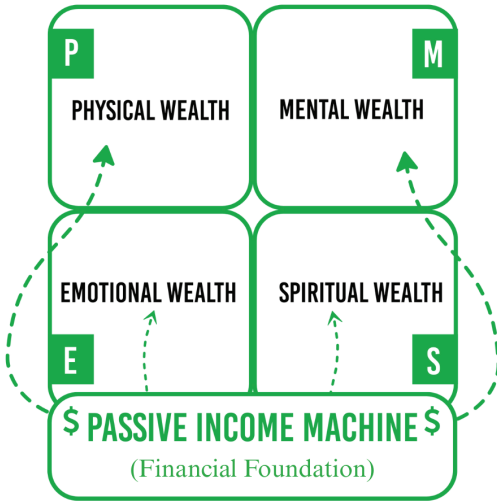
Once you’ve committed to building and fueling the Passive Income Machine, you make *freedom* inevitable—not one day, but within ten years or less. And when the fear of “what if” disappears, a more powerful question emerges: “What *now*?”

Why? Because you’re no longer operating on hope. You’re running a system—one rooted in principles and aligned with the Wealth Forces. Time and inflation stop working against you and now start working *for* you. Your dollars no longer get weaker. They get stronger. And you finally stop trading your life for money. Which means you can stop worrying about tomorrow—and start living today. Not recklessly. Not indulgently. You begin to reinvest in your Life Balance Sheet with intention:

- You hire the trainer.
- You plan and fund date night each week, rekindling the love and connection lost in the daily grind.
- You take the trip with your family—and actually *connect*.
- You nourish your mind, your body, and your soul.
- You reawaken and deepen your relationship with God—or whatever higher power guides you.

4. Bronnie Ware, *The Top Five Regrets of the Dying*, (Generic: 2015).

THE LIFE BALANCE SHEET



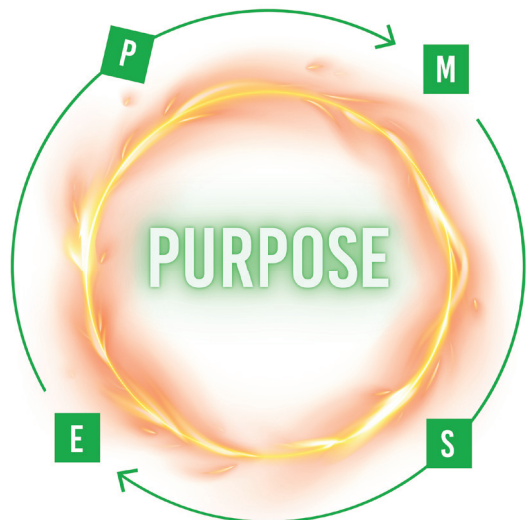
And then something remarkable happens. You stop postponing happiness. You start cultivating it—*on purpose, as a practice*. You come alive. Your creativity expands. Your energy rises. Your productivity multiplies. And yes—your financial success accelerates. Because now, every dollar and every hour—at work and at home—has meaning. Every decision aligns with your goal to create your desired future. Instead of waiting, you start becoming the person you want to be *now*.

And the deeper you go—consciously investing into the four quadrants of your Life Balance Sheet while continuing to fuel your Passive Income Machine—something sacred begins to reawaken inside you: **Your sense of purpose.**

You were given divine gifts—unique talents, insights, and passions. Not to hide or just to hold. But to *use* in service of others. And as you use your gifts to add value, solve meaningful problems, and make the world better, you unlock the rarest kind of wealth: **fulfillment.**

That's the real win.

When money is no longer the constraint but the catalyst, it creates space to rediscover the parts of life that were never meant to be measured in percentages or account balances. This is where wealth transcends the numbers. It becomes a return on life.



A purpose-driven life: That's the infinite game equation we discussed in chapter 10: **(Time + Money) × Purpose = Fulfillment**

The infinite game is about designing a system where *you win with money*—and then use money to *win with life*. It's not just about having more. It's about *being* more.

In an infinite game, winning means continuously playing at higher levels of excellence and satisfaction. When you align your wealth with your “why,” retirement stops being the goal because you've built something far more valuable: a life you *don't want* to retire from. This is the highest return money can deliver.

You keep building your Passive Income Machine. You keep investing in your Life Balance Sheet. You keep embracing the Happiness Advantage. And as all three expand in harmony—**wealth, purpose, fulfillment**—You realize this isn't about “having it all,” it's about finally *feeling whole*.

Rise Up. Live Free

We opened this book with a challenge: *Rise up—live free*. Now, we close with one final invitation to make that challenge real.

Rise Up

Take control of your money. Take it off Wall Street. Build and launch your Passive Income Machine—your inevitable path to financial freedom in ten years or less. Keep raising your Financial IQ. Master the tool of money—because true financial freedom is using the tool of money to build the life you want.

Live Free

Use the Passive Income Machine to reclaim your most valuable asset: **time**. Then use that time to reclaim your attention and focus it on what matters most. Consciously invest your money, your time, and your energy into your Life Balance Sheet. Give yourself permission to be happy now. Let that happiness fuel a deeper purpose. Then go live each day in alignment with what you wish to accomplish and who you want to become.

Play the infinite game. Because the greatest return money can ever deliver isn't more money—it's freedom. The world doesn't need you someday. It needs you *now*. So, rise up. Build your Passive Income Machine. Let time and intention work in your favor. Align your money with your mission, and go become who you were born to be. The next chapter is your final declaration of financial independence—this is your moment to make your commitment real.

Live *free*, and live *fulfilled*.

"Freedom has its life in the hearts, the actions, the spirit of men and so it must be daily earned and refreshed—else like a flower cut from its lifegiving roots, it will wither and die."

— Dwight D. Eisenhower

14

YOUR DECLARATION OF INDEPENDENCE

Will You Accept Your Freedom?

Now it's time to make your resolve to live a meaningful life non-negotiable! Consider the weight of what you're about to do. Every family has that one person—the one who rises up and decides that the legacy of scarcity, fear, or mediocrity ends with them.

Will you be the one? The one who breaks the cycle, redefines your family name, and shows your kids—and future generations—what's possible with money and with life?

It's time to decide. It's time to commit. It's time to draw the line between who you've been and who you're becoming.

Not someday. Not eventually. *Now.*

The document below is loosely patterned after the famous declaration of July 4, 1776. What many Americans might have forgotten was the sheer impossibility of winning a war against the mighty British. While colonial leaders in Philadelphia were signing their names to a document that would be their

death warrant if they were captured, a mighty armada of 110 warships and support vessels carrying almost thirty thousand British troops floated less than one hundred miles away in New York harbor. It was the largest army assembled in the eighteenth century. The British wanted to demonstrate to “these scoundrels” a show of force so huge, so terrifying, so overwhelming that those “deluded colonists” would think twice about starting a war.

Against this frightening foe, General Washington commanded an army of nine thousand untested soldiers, two thousand of whom were too sick to enter battle. It was an impossible task. Washington stated his case to his men: “We must resolve to conquer or die.” Those were the only two options.

Your declaration will not be nearly as dangerous or difficult. But maintaining your determination *will be challenging*. When you sign your name below, it’s your declaration that financial freedom within ten years or less is non-negotiable.

This is your moment to put your name, your honor, and your future on the line. To step forward with courage. To go “all in.” There is no plan B. So, it’s time to make it official.

You are the one. Your freedom story starts today.

My Personal Declaration of Independence

I declare that I will no longer live in quiet desperation, stuck in a system designed to keep me surviving—not thriving. I am no longer willing to trade my time for money, defer my dreams, or entrust my future to broken promises on Wall Street.

From this day forward, I choose to become **the one**—the one who ends the cycle, reclaims control, and builds a new legacy.

I commit to,

1. **Take control of my money and my results**—by removing it from Wall Street and joining the ownership economy, governed by control, real assets, and cash flow.

- 2. Build, launch, and scale my Passive Income Machine**—mastering all three gears to create six figures or more of tax-free income for life.
- 3. Use my machine to hit my Strike Number**—buying back my time, creating more options in my life, and unlocking true financial independence.
- 4. Align my money with economic forces**—letting time, inflation, and leverage do the heavy lifting, making me perpetually wealthy and financially free.
- 5. Live the greatest adventure life has to offer**—a purpose-driven life of freedom, fulfillment, and legacy.
- 6. Become an Empire Builder. Rise Up. Live Free.**

This is my line in the sand. I sign this declaration as a vow to myself, to my family, and to future generations—that freedom is no longer a dream. It's my decision. And money is the tool I will use to author that vision into reality.

From this moment forward:

I am an Empire Builder.

I am perpetually free.

I am the one.

I rise up. I live free.

And I will never go back.

Signed: _____ Date: _____

READY TO BUILD YOUR OWN PASSIVE INCOME MACHINE®?

This is it—*your* moment. You’ve read the book. You know the strategy. You’ve seen the results. Now you have two choices:

1. Close this book, go back to “business as usual,” and hope you figure it out on your own. But here’s the truth—knowledge alone changes nothing. It’s what you *do* with that knowledge that shapes your future. Luckily, there’s a better option.
2. Spend the next year with us inside **Money Mastery**. You’ll build your Passive Income Machine step by step with a team that’s already helped thousands of people set up Vaults, acquire turnkey properties, and take back control of their money—and their lives.

It’s not about doing *more*. It’s about doing the right things—at the right time—with the right support. Inside Money Mastery, you’ll,

- **Design a personalized Game Plan**—built around your resources, goals, and timeline to reach financial freedom in ten years or less, with as many one-on-one sessions as needed to get it exactly right.
- **Set up and fund your Vault**—growing untouchable wealth every single day with the same private companies and policy designs the wealthy use.
- **Add cash-flowing assets** to your portfolio—accessing the right properties, in the right markets, with the right teams—without wasting time or making rookie mistakes.

- **Implement a proactive tax strategy**—reducing taxes today on active income and eliminating them tomorrow on passive income, with a team to turn the numbers into real money back in your pocket.
- **Stay on track for life**—with ongoing live events, workshops, and unlimited one-on-one coaching.

No guesswork. No “someday.” Just results.

Spending one year inside Money Mastery will beneficially alter the rest of your life. The knowledge, systems, and assets you build in that first year will keep compounding—year after year, decade after decade.

So, pause for a moment and imagine yourself ten years from today. Get a clear image of that life—what it looks like, what it feels like, even what it smells like. Because that life isn’t fantasy—it’s simply the result of the right system, the right team, and the right assets working for you.

You’re financially free. Your days are your own. Your money works harder than you do.

Now ask yourself, “What would that future version of me tell me to do right now?” Would they thank you for being bold enough to take action? Or wish you had started sooner? The stories you’ve read in this book aren’t theory—they’re real people who took action. The question is—*will you be next?*

It costs you nothing to find out if you qualify. Book your free discovery call now at **www.PassiveIncomeMachine.com/Apply** and let us show you exactly what we’d do if we were in your shoes.

A year from now, you’ll either be thanking yourself for taking action or wishing you’d started today when you had the chance.

Let’s build your freedom—*together*.

DO YOU WANT TO HELP OTHERS ACHIEVE FINANCIAL FREEDOM?

Are you a financial advisor, coach, or entrepreneur who sees money differently? Do you care deeply about people and want to be part of something bigger than just selling financial products?

Our team of **Tactical Wealth Strategists** is on the front lines—designing Game Plans, teaching life-changing principles, and helping people take back control of their money and futures. We're not just building strategies. We're building a *movement*.

If you:

- Care about people more than commissions,
- See the cracks in the traditional system, and
- Are ready to help us shift the paradigm of financial freedom—

Apply to join the team at **WealthOutsideWallStreet.com/Team**.

Whether you're a seasoned advisor, just getting started, or simply *driven and teachable*—this could be your invitation to build a meaningful career that's aligned with your purpose.

Come meet the movement. Come see what's possible.

ACKNOWLEDGMENTS

I'd like to acknowledge my wife, Daryl, who has stood by me during my episodes of stupidity and shortsightedness as we've stumbled through challenging times creating wealth together. I don't love her because she's beautiful and smart—which she is—but because she's stuck with me through thin times. That's why we're now celebrating almost fifty years of marriage. I'd also like to acknowledge my three children, who have watched their dad handle pressure and challenges (and not always very elegantly). I was too often absent, but I've tried my best to let them know that I love them—forever.

I'd like to thank the friends who have been “raised up in my times of need.” They've showed up with the resources I needed at the exact right time. They know who they are. I've told them many times. I would not be here today without their timely support.

I also acknowledge, you—the reader. You have the courage to dream. Hopefully this book will give you tools to forge your dreams into reality. And finally, I acknowledge my Father in Heaven. I mention him here last, but I always try to put him first in my thoughts and actions every single day.

Robert G. Allen

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This book—and the strategies within it—wouldn't exist without the years of work, sacrifice, and brilliance of Brad Gibb. Together, we built a movement and refined a strategy by working with thousands of people from all walks of life. While Brad is not listed as a co-author, his thought leadership, insights, and genius are woven through every chapter. His fingerprints are here—in the ideas, in the framework, and in the lives impacted. For that, we will always be grateful.

To my family—Bethany, Douglas, Kiana, and Desmond—you are my light, my rock, and my reason. It has been said that no success outside the home can ever compensate for failure within it. Whatever I've built, whatever impact I've made, you have been at the center of it all. Bethany, your patience, love, and unwavering presence through every high and low have been my greatest blessing. And to my children—Doug, Kiana, and Desmond—you've taught me the meaning of life, what real wealth is, and why all of this matters. I love you more than words can hold.

Ryan D. Lee

ABOUT THE AUTHORS

Ryan D. Lee

Ryan D. Lee is a leading voice in personal finance and the foremost authority on alternative investing through his proven Passive Income Machine® strategy. As founder of Wealth Outside Wall Street, Ryan has helped thousands break free from the broken retirement system, take control of their money, and achieve financial freedom in ten years or less. He has personally guided thousands in setting up Vaults, buying real estate, and creating passive income.

Ryan has spoken on some of the largest stages in the world—including twice at Funnel Hacking Live—but his greatest passion is workshoping with the Money Mastery community he leads, where members dive deep into wealth principles, master them, and experience real transformation. Known for his electrifying presence and ability to simplify complex wealth strategies into actionable steps, Ryan has inspired audiences of thousands while also guiding individuals one-on-one toward lasting financial change. He is also the host of the *Passive Income Machine Podcast* and the Wealth Outside Wall Street YouTube channel.

While Ryan measures the success of what he teaches by the creation of passive cash flow, his mission goes deeper: to empower people with money to *rise up* and *live free*—designing a life on their own terms filled with purpose, abundance, and freedom. Beyond his work, Ryan is deeply committed to faith, family, and adventure. He and his wife, Bethany, are raising three children while actively pursuing a life rich in experiences, service, and impact.

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Robert G. Allen

Robert has authored and co-authored some of the most influential financial books of all time including the *New York Times* mega-bestsellers *Creating Wealth*, *Nothing Down*, *Multiple Streams of Income*, and *The One Minute Millionaire*. Twenty of his books have sold over four million copies worldwide and have spent almost one hundred weeks on the *New York Times* bestsellers list. One of his favorite books is co-authored with his son Aaron. It's entitled, *The Four Maps of Happy, Successful People*. His most recent number-one book is called *#1 Bestseller: How You Can Become a Bestselling Author in only 30 minutes a day*.

Through the past forty-five years, *millions* of people have attended his live seminars and speeches worldwide and his graduates have earned *billions* in profits by following his financial advice. Empowered by his philosophy of the Enlightened Entrepreneur, his students have generously contributed over fifty million dollars to their favorite churches, causes, and charities.

As a public speaker, he has spoken to audiences worldwide sharing stages with the likes of Sir Richard Branson, Prime Minister Tony Blair, Tony Robbins, Robert Kiyosaki, Oprah Winfrey, and Donald Trump.

He is a popular media guest appearing on hundreds of radio and television programs including *Good Morning America* with hosts such as Regis Philbin, Neil Cavuto, and Larry King. He has been the subject of numerous international publications including the *Wall Street Journal*, the *Los Angeles Times*, the *Washington Post*, *Newsweek*, *Barons*, *Redbook*, *Money Magazine*, and the *Reader's Digest* to name just a few.

On the home front, Robert and his wife, Daryl, are celebrating nearly five decades of marriage and are the proud parents of three children.

